TOTAL KENYA PLC

ANNUAL REPORT & FINANCIAL STATEMENTS 2020

VALUE STATEMENTS

OUR AMBITION

Become the responsible energy major.

OUR VISION

To be a leader in the quality of our products and services.

To be a leader in profitability and return to our stakeholders.

To be the most responsible and preferred Company in the region.

OUR MISSION

The purpose of Total Kenya is to market quality petroleum products and services to its customers responsibly and profitably in an innovative way to ensure that the public will come and continue to turn to Total.

ABOUT US

Total has been operating since 1955 and plays a key role in the Kenyan economy.

The Company has a widespread infrastructure for efficient and effective supply of quality products and services.

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NOTICE & AGENDA OF THE ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE is hereby given that due to the ongoing COVID-19 pandemic, the related Public Health Regulations and the continued restrictions by the Government of Kenya on public gatherings, the Sixty Seventh (67th) Annual General Meeting of the Company shall be held via Electronic Means on Friday, 25 June 2021 at 9.00 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To read the notice convening the meeting, table the proxies received and confirm the presence of a quorum.

2. To confirm and adopt the minutes of the 66th Annual General Meeting held on 26 June 2020.

3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2020 together with the Chairman's Statement and the reports of the Directors and the Auditors thereon.

4. To approve the payment of a first and final dividend of KShs 1.57 per share in respect of the Financial Year ended 31 December 2020 (2019: KShs 1.30), payable on or around 31 July 2021 to the holders of Ordinary Shares and Redeemable Preference Shares on record at the close of business on 25 June 2021.

5. To approve the Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31 December 2020.

6. Re-election of Directors

   i. Mr Joseph Karago, a Director retiring by rotation in accordance with Article 70 (1) of the Company's Articles of Association and, being eligible, offers himself for re-election.

   ii. Ms Margaret Shava, a Director retiring by rotation in accordance with Article 70 (1) of the Company's Articles of Association and, being eligible, offers herself for re-election.

7. To appoint the Board Audit Committee of the Company in accordance with the provisions of Section 769 of the Companies Act, 2015 comprising the following members:

   a) Mr. Joseph Karago

   b) Ms. Margaret Shava

   c) Mr. Maurice Odhiambo K'Anjejo

   d) Mr. Paul-Henri Assier de Pompignan

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix their remuneration for the ensuing financial year.

SPECIAL BUSINESS

9. To consider and, if thought fit, to amend articles 54 (2) and 87 (3) of the Company's Articles of Association by a Special Resolution and the amended articles to read as follows: -

   54 (2) "A meeting of the Board shall be held at the head office of the Company or at such other location contained in the notice convening the meeting. The meetings may be held either by means of physical, hybrid or conference call, internet, voice over internet protocol, electronic or other communication facilities or channels permitting all persons participating in the meeting to communicate adequately during the meeting, allows for simultaneous communication and is capable of being recorded and such participation shall constitute a presence of a quorum at a meeting of the Directors as if those participating were present in person."

   87 (3) "The Board may determine the place and time at which the Members meet and the manner in which General meetings are coordinated. General meetings may be held either physically or by use of technology and electronic communication such as video conferencing, webinars, teleconferencing and any such other technology or a hybrid of both physical and virtual meetings provided that the channels permitted allows all persons to participate, vote and communicate adequately during the meeting and is capable of being recorded and such participation shall constitute a presence of a quorum at a meeting of the Members as if those who wereparticipating were present in person."

10. To consider and, if thought fit, to pass the following Special Resolution:-

    Change of Company's Name

    "That subject to approval by the relevant authorities, the name of the Company be and is hereby changed from Total Kenya PLC to TotalEnergies Marketing Kenya PLC "

11. To discuss any other business of which due notice has been received.

BY ORDER OF THE BOARD

JLG MAONGA
COMPANY SECRETARY
DATE: 24TH MAY 2021

NOTICE & AGENDA OF THE ANNUAL GENERAL MEETING

NOTE

1. The agenda of the AGM was amended to include resolution on change of name of the Company following the change of name of the Group Company to TotalEnergies.
2. The Company has appointed Image Registrars Limited to specifically provide their platform and to manage this Virtual AGM.
3. Shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in advance of the Annual General Meeting in the manner detailed below:

i. Any shareholder wishing to participate in the meeting should register for the Annual General Meeting (AGM) by dialling *483*812# for all networks and following the various prompts regarding the registration process. The charges applicable on the USSD are as follows (Safaricom at KShs 1, Airtel at KShs 3 and Telkom at KShs 1). In order to complete the registration process, Shareholders will need to use their ID/ Passport Numbers which were used to purchase their shares and/ or their CDSC Account Number. For assistance, Shareholders should dial the following helpline number: (+254) 709170000 from 9 a.m. to 3 p.m. on working days. A Shareholder domiciled outside Kenya can send an email to Image Registrars via info@image.co.ke providing their details i.e Name, Passport/ID No., CDS No. and Mobile telephone number requesting to be registered. Image Registrars shall register the shareholder and send them an email link once registered.

ii. The registration period opens on 7 June 2021 at 9.00 a.m. and will close on 23 June 2020 at 9.00 a.m. Shareholders will not be able to register for the AGM after Wednesday 23 June 2020 at 9.00 a.m.

iii. A printed copy of Company's Annual Report and Audited Financial Statements for the year ended 31 December 2020 may be obtained from the Registered Office of the Company, Regal Plaza, Limuru Road, Nairobi.

iv. The following documents are available on the Company's website, www.total.co.ke: (i) The Company's Annual Report and Audited Financial Statements for the year ended 31 December 2020 (ii) a copy of this Notice and (iii) a copy of the No Objection issued by the Capital Markets Authority.

v. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so:

  a. by dialing the USSD code above and selecting the option (ask Question) on the prompts (For shareholders who will have registered to participate in the meeting)

  b. by sending their written questions by email to info@image.co.ke.

  c. to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or

  d. sending their written questions with a return physical address or email address by registered post to Image Registrars' address at P.O. Box 9287 – 00100 Nairobi.

  - Shareholders must provide their full details (full names, ID/ Passport Number/CDSC Account Number) when submitting their questions and clarifications.
  - All questions and clarification must reach the Company on or before Wednesday, 23 June 2021 at 5.00 p.m.
  - Following receipt of the questions and clarifications, the Directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 5.00 p.m. on Thursday 24 June 2021. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the Annual General Meeting

vi. In accordance with Section 298 of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to info@image.co.ke or delivered to Image Registrars, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287– 00100 GPO, Nairobi so as to be received not later than Wednesday 23 June, 2021 at 9.00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Registrars no later than Wednesday 23 June 2021 at 9.00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned not later than Thursday, 24 June 2021 to allow time to address any issues. A copy of the Proxy Form may be obtained from the Company's website www.total.co.ke

vii. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the Annual General Meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent three hours ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in three hours' time and providing a link to the live stream.

viii. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the chairman) via the USSD prompts or the web link.

ix. Results of the AGM shall be published on the Company's website, www.total.co.ke within 24 hours following conclusion of the AGM.

x. Shareholders are encouraged to continuously monitor the Company's website, www.total.co.ke for update relating to the AGM. We appreciate the understanding of our shareholders as we navigate the changing business conditions posed by COVID-19 pandemic.

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS, HEAD OFFICE AND REGISTERED OFFICE

Regal Plaza, Limuru Road
P. O. Box 30736–00100
Nairobi, Kenya

DIRECTORS

Jean-Phillipe Torres*	Non-executive	Chairman
Olagoke Aluko**	Executive	Managing Director (Alternate to Jean-Phillipe Torres)
Lawrencia Gichatha	Executive	Finance Manager - (Alternate to Olagoke Aluko)
John Muchunu	Executive	Strategy and Corporate Affairs Director (Alternate to Stanislas Mittelman) – Appointed on 12 May 2020
Stanislas Mittelman*	Non-executive	
Joseph Karago	Non-executive	
Margaret W.N. Shava	Non-executive	
Maurice K'Anjejo	Non-executive	Appointed on 18 November 2020
Paul-Henri Assier de Pompignan*	Non-executive	Appointed on 31 March 2021
Joe Muchekehu	Non-executive	Retired on 26 June 2020
Severine Julien*	Non-executive	Resigned on 31 March 2021

* French
** British

PRINCIPAL ADVOCATES

Mohammed Muigai Advocates
MM Chambers, 4th Floor
K-Rep Centre, Wood Avenue
Off Lenana Road, Kilimani
P.O. Box 61323-00200
Nairobi, Kenya

Waweru Gatonye & Co.
Timau Plaza, 4th Floor
Argwings Kodhek, Timau Road Junction
P.O. Box 55207-00200
Nairobi, Kenya

Musyimi & Co. Advocates
M'pulla House, Arboretum Drive
Off State House Road
P.O. Box 12502-00400
Nairobi, Kenya

Kiarie Kariuki & Associates Advocates
Bemuda Plaza, 2nd Floor, Suite No. C3
Ngong Road
P.O. Box 13808-00100
Nairobi, Kenya

Waruhiu Kowade & Ng'ang'a Advocates
Taj Towers, 4th Floor, Wing B
Upperhill Road
P.O. Box 47122-00100
Nairobi, Kenya

Hamilton, Harrison & Matthews
Delta Office Suites, 1st Floor
Waiyaki Way
P.O. Box 30333-00100
Nairobi, Kenya

SECRETARY

J.L.G. Maonga
Certified Public Secretary (Kenya)
Jadala Place, 3rd Floor
P.O. Box 73248-00200
Nairobi, Kenya

CORPORATE INFORMATION

REGISTRARS

Comprite Kenya Limited
Crescent Business Centre, 2nd Floor
P.O. Box 63428-00619
Nairobi, Kenya

PRINCIPAL BANKERS

Citibank NA
Citibank House, Upper Hill Road
P.O. Box 30711-00100
Nairobi, Kenya

Absa Bank Kenya Plc
Absa Headquarters, 4th floor
Off Waiyaki Way, Westlands
P.O Box 30120-00100
Nairobi, Kenya

Stanbic Bank Kenya Limited
Stanbic Bank Center, Westlands Road, Chiromo
P. O. Box 30550-00100
Nairobi, Kenya

The Co-operative Bank of Kenya Limited
Co-operative House
Haile Selassie Avenue
P.O. Box 48231-00100
Nairobi, Kenya

Standard Chartered Bank Kenya Limited
48 Westlands Road, Chiromo lane, Westlands
P.O. Box 40310-00100
Nairobi, Kenya

Bank of Africa Kenya Limited
BOA House, Karuna Close
Off Waiyaki Way, Westlands
P.O. Box 69562-00400
Nairobi, Kenya

KCB Bank Kenya Limited
Regal plaza, 1st floor, Parklands Branch
P.O. Box 39036-00623
Nairobi, Kenya

NCBA Bank Kenya Plc
NCBA Centre, Mara and Ragati Roads, Upper Hill
P.O. Box 44599-00100
Nairobi, Kenya

AUDITORS

Ernst & Young LLP
Kenya-Re Towers, Upper Hill, Off Ragati Road
P. O. Box 44286-00100
Nairobi, Kenya

TOTAL
Committed to Better Energy

Total Service Station at Chai House Nairobi in the 1970's

COMPANY PROFILE

CORE BUSINESS

Total Kenya's core business is the marketing and distribution of petroleum products and related services to industry, transport, commercial and domestic users.

CORPORATE STATUS

Total Kenya has been in operation since 1955, and has been a consistent leader in innovation, service quality and committed to sustainable development and community projects.

TEAM TOTAL

Total's vision and mission are driven by a diverse, agile, and committed team of over 390 direct employees and over 4,500 indirect employees.

GROWING NETWORK OF STATIONS

Total Kenya has a wide network of over 200 stations across the country offering a wide range of services in addition to the fuel products.

TOTAL EXCELLIUM FUELS

Total Kenya continues to offer a revolutionary set of high-quality fuels (Excellium Petrol and Diesel) that clean the car's engine, use less fuel, and reduce polluting emissions.

TOTAL CARD

Total Card is the most established fuel card in the market since 1997. Total Card a micro-chip technology is a Safe-Simple-Smart way of managing fuel expenses.

LUBRICANTS

Total Kenya is the leading supplier of Lubricants and through continued research & development produces high quality products with best engine protection and performance.

LIQUIFIED PETROLEUM GAS (LPG)

Total Kenya remains the market leader in supply of LPG in the country. The Company ensures availability and invests heavily on the safety of the gas cylinders installations.

SOLAR

Total Kenya offers solar lanterns for sale at service stations and authorized distributor outlets. This addresses lighting needs to those who lack access to electricity and have low incomes.

LOGISTICS AND FACILITIES

Total manages its facilities in line with international safety and quality standards. Industrial safety is of paramount importance with the key objective of zero accidents in our operations.

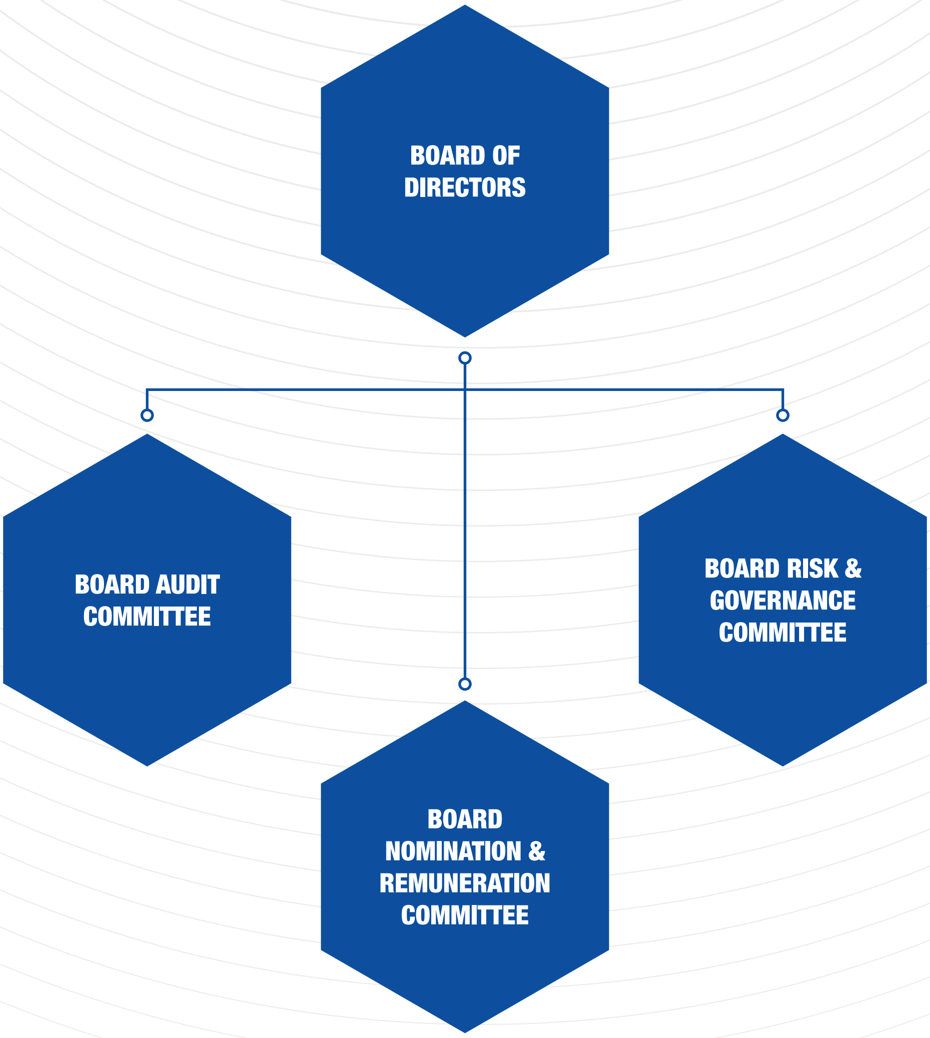
CORPORATE GOVERNANCE

Corporate Governance (CG) is the system of rules, practices and processes by which companies are directed, controlled and held to account. It essentially involves balancing the interests of the Company's varied stakeholders. At Total Kenya, the Board of Directors is mandated to control and direct the activities, affairs, operations and property of the Company with a view to maximizing stakeholders' value, increasing profitability and guaranteeing sustainable business.

Good corporate governance practices are essential to the delivery of sustainable stakeholders' value. The Board of Directors of Total Kenya is committed to uphold to principles of Corporate Governance by ensuring full compliance with all relevant applicable laws and regulations; notably the Kenyan Capital Markets Authority (CMA), Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (the 2015 Code).

To facilitate discharging of its obligations, the Board has established and delegated authority to various Board Committees whose membership includes independent directors with appropriate skill set and expertise to deal with specific issues falling under the various committees.

In addition, the Company has appointed a Country Ethics Officer and a Compliance Officer with specific mandates to spearhead efforts towards sensitization and mitigating compliance risks both internally and with third parties who deal with the Company.



THE BOARD OF DIRECTORS

A THE BOARD OF DIRECTORS CHARTER

Total Kenya Plc has Charters in place that govern the operations of the Board and its Committees in the stewardship of the Company within the confines of the Memorandum and Articles of Association. Copies of these documents are available on the Company's website (http://www.total.co.ke/)

The Board fulfills its fiduciary obligations to the shareholders and other stakeholders by maintaining control over the strategic, financial, operational and compliance issues as guided by the Board Charter and other operating regulations.

The Board Charter explicitly defines the composition, role, scope, mandate, Board members selection, requirements and the duties of Board members. Any amendments to the Charter require the approval of the Board.

B BOARD STRUCTURE AND DIVERSITY

The Board is currently composed of seven directors, three of whom are independent directors. The Independent Non-Executive Directors shall form at least one third of the total number of Board Members. All non-executive and independent directors are subject to periodic retirement and re-election to the Board, in accordance with the Articles of Association.

Diversity is of key importance to the Board's composition. The Board remains particularly attentive to its constitution by offering a diverse and synergistic range of qualifications, skills, experience, professional and industry knowledge to enable it to provide judgment, independent of management on material Board matters. The Board determines its size and composition subject to the Articles of Association, Board Charter and applicable laws.

C ROLE OF THE BOARD

The Board of Directors is the ultimate authority of Total Kenya Plc. Its role is to define Total Kenya's strategic vision, ensure that internal controls are operating effectively and oversee the quality of the information provided to the shareholders and financial markets.

The Board has delegated authorities to three Board committees (The Audit Committee, the Risk & Governance Committee and the Nomination and Remuneration Committee) to assist the Board in delivering its responsibilities and ensuring that there is appropriate independent oversight of internal control and risk management. Each of these committees has established terms of reference in the form of Committee Charters, which are reviewed regularly to ensure that they remain in line with the best practices and that the committees continue to have appropriate authority to fulfill their responsibilities without creating unnecessary duplication of work.

D INDEPENDENCE

Independence is critical to performing the duties of a director as this ensures freedom of analysis, judgment, decision-making and action. All Board members have to comply with the Board's rules and declare any personal or potential conflict of interest that may arise.

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business relationship or circumstances that would materially interfere with the exercise of objective judgement, having regard to the best interest of the organization and its stakeholders as a whole.

All Directors of Total Kenya must avoid any situation which might give rise to a conflict between their personal interest and that of the Company. The Directors are expected to make a disclosure on an annual basis to the Company Secretary in cases of actual or potential conflict of interest situations or as soon as such a situation arises. Any Director with a material personal interest in any matter being considered during a Board or Committee meeting is expected to disclose the same and will not vote on the matter or be present when the matter is being discussed.

The Board of Directors of Total Kenya is guided by the Conflict of Interest Policy and the Code of Conduct that are developed by the Group, customized and adopted by Total Kenya Plc.

E BOARD AND DIRECTOR EVALUATION

In line with prescribed regulatory stipulations, the Board undertook an annual evaluation of its own performance, the performance of the Chairperson, individual Board members, the Managing Director and the Company Secretary.

F CHAIRMAN AND MANAGING DIRECTOR

The roles and responsibilities of the Chairman and the Managing Director are separate and clearly defined. The scope of these roles is approved and kept under regular review by the Board so that no individual has unfettered decision making powers. The Chairman is responsible for the leadership and governance of the Board while the Managing Director is responsible for the management of the Company and implementation of the strategies and policies approved by the Board.

G ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Through the Board Chairman and the Company Secretary, processes are in place to:

- Enable Directors to have access to all relevant information and to senior management
- Assist the Directors to discharge their duties and responsibilities
- Facilitate informed decision-making process

Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information, including the Company's Insider Trading Policy.

H MEETINGS

The Board meets once every quarter but may from time to time organize special meetings in response to business needs. Total Kenya has an Annual Work Plan which guides the Board on areas of focus during the year. The Chairman, in conjunction with the Managing Director and the Company Secretary, set the agenda for each meeting.

In the ordinary course of business, Board papers are circulated in good time prior to the date of the meeting. Directors are entitled to request additional information where they consider it necessary to make an informed decision.

During the year ended 31 December 2020, the Board held four Board meetings, four Board Audit Committee meetings, three Board Risk and Governance Committee meetings and four Board Nomination and Remuneration Committee meetings. The Annual General Meeting (AGM) was held virtually on 26 June 2020 and all directors were present in person save for Mr Stanislas Mittelman who was represented by his alternate director, Mr. John Muchunu.

Details of directors attendance at board meetings are set out below:

Name of Director	Eligible No. of Meetings	No. of Meetings attended	Overall % attendance
Chairman Jean-Philippe Torres	4	4	100%
Executive Director - Managing Director Olagoke Aluko	4	4	100%
Non-Executive Directors Stanislas Mittelman	4	0	-
Séverine Julien (Resigned on 31 March 2021)	4	4	100%
Paul-Henri Assier de Pompignan (Appointed on 31 March 2021)	-	-	-
Independent Directors Joe Muchekehu (Retired on 26 June 2020)	2	2	100%
Joseph Karago	4	3	75%
Margaret Wambui Ngugi Shava	4	4	100%
Maurice Odhiambo K'Anjejo (Appointed on 18 November 2020)	-	-	-
Alternate Directors Lawrencia Gichatha (Alternate to Olagoke Aluko & Séverine Julien)	4	4	100%
Macharia Irungu (Resigned on 1 January 2020) (Alternate to Stanislas Mittelman)	-	-	-
John Muchunu (Appointed on 12 May 2020) (Alternate to Stanislas Mittelman)	3	3	100%
Company Secretary John Maonga	4	4	100%

*Note: *Stanislas Mittelman was duly represented by his Alternate Director in 3 of the 4 eligible Board meetings while Paul-Henri Assier de Pompignan was appointed Director after year end.*

BOARD COMMITTEES

A THE BOARD AUDIT COMMITTEE

The Capital Markets Act (Cap. 485A) and regulations require that "the Company shall have an effective and properly constituted Audit Committee" and that "the Board shall establish an Audit Committee with written terms of reference."

Pursuant to Total Group's Risk Management, Internal Control and Audit Charter, Total ensures the control of its activities: it deploys an overall risk management system, an effective internal control framework and an internal audit policy adapted to its challenges. Audit is an independent function responsible for providing reasonable assurance to Management and to the corporate governance bodies concerning the level of control of the Company's activities.

The Board Audit Committee assists the Board of Directors in fulfilling its Corporate Governance and Oversight responsibilities for the:

- Company's process for monitoring compliance with laws, regulations and the code of conduct
- Financial reporting process
- System of internal control
- Audit function & process

The Board Audit Committee Charter spells out the composition, role, scope, mandate, requirements and duties of the Committee and its members. Any amendments to the Charter require the approval of the Board. This Committee is composed of four Directors and is chaired by an Independent Director to assure its independence. In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications and experience.

During the year 2020, members of the committee were as follows:

Name of Member	Position
Joseph Karago	Independent Director - Chairman
Joe Muchekehu (Retired and ceased to be a member on 26 June 2020)	Independent Director - Former Chairman
Séverine Julien	Non-Executive Director
Margaret Shava	Independent Director
Maurice K'Anjejo (Became a member from 18 Nov 2020)	Independent Director

The Company's Internal Audit Manager is the Secretary to the Board Audit Committee. The Committee held four formal meetings in 2020 (see details below) and invited the external auditors when discussing the Company's financial statements.

The Committee also invites the Managing Director and the Finance Manager to their meetings as and when required, performs inspections and interviews Company managers at any time as may be deemed necessary.

Name of Member	Eligible No. of Meetings	No. of Meetings attended	Overall % attendance
Joe Muchekehu	2	2	100%
Joseph Karago	4	3	75%
Margaret Shava	4	4	100%
Séverine Julien	4	3	75%
Maurice K'Anjejo	-	-	-

The main responsibilities of the Committee are to:

I. Monitor the integrity of the Company's financial statements including the review of half and full-year results, annual reports and accounts and other significant financial announcements. It also reviews the critical accounting policies, going concern assumption and key judgmental areas contained therein.

II. Consider and advise the Board in meeting its obligation to report that Annual Report is fair and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

III. Monitor auditors' independence and external auditors' plans and audit strategy, the effectiveness of the external audit process, the external auditors' qualifications, expertise and resources, and make recommendations for the re-appointment of the external auditors.

IV. Approve the annual internal audit plan and resources and monitor the audit framework and effectiveness of the internal audit function.

V. Monitor the effectiveness of compliance processes and controls, and performance against the Company's compliance plan.

ELLON KAMAU
AUDIT MANAGER

Ellon Kamau has over 25 years working experience in the Total Group. Prior to joining Internal Audit, he was the Chief Accountant at Total Exploration and Production Kenya (TEPK) since September 2013. Other positions held include Finance & Administration Director and Compliance Officer of Total Jamaica, Group Auditor at Total UK, Internal Audit Manager, Treasury Manager, Reporting Manager, Special Projects Manager and acting Financial Accounting Manager.

He holds a Post Graduate Diploma in Business Administration – Finance from the University of Leicester (UK), a Bachelor of Science in International Business Administration (USIU) and an ACCA certificate in International Auditing. He is also a director of Kenya Oil and Gas Association (KOGA).

BOARD COMMITTEES

B THE BOARD RISK & GOVERNANCE COMMITTEE

The Board Risk and Governance Committee (BRGC) assists the Board of Directors of Total Kenya Plc in fulfilling its management's responsibility with regard to the uncertainties the Company may face. The Committee is mandated to provide oversight on the entity-wide risk management process and ensure integrity and effectiveness of the Company's compliance monitoring framework.

The Committee's roles and responsibilities are to:

- Ensure that the executive team has identified and assessed all the inherent risks in the Company and has established mitigating measures.
- Ensure that the division of risk-related responsibilities to each board committee as clearly as possible, performing a gap analysis and approving the Company's risk management framework.
- Assist the Board of Directors by reviewing and making recommendations on the effectiveness of the organization governance structure and general by-laws.
- Ensure that the control procedures and systems established within the Company are designed to manage rather than eliminate the risk of failure to meet business objectives. The risk framework requires that all of the Company's business and functions establish processes for identifying, evaluating and managing the key risks.
- Receive and review the Company's internal audit reports on the risk management function.

Total Kenya has a Risk Mapping and Management program which is refreshed every 3 to 5 years. Under this program, Management has identified environmental and internal risk factors that can hinder the Company from achieving its overall objectives. Mitigation action plans have been developed and regular reviews are undertaken to track progress of the mitigation actions and to identify any emerging risks.

This Committee comprises two (2) Independent Directors, the Managing Director and the Finance Manager. Committee Members are appointed by the Board for a period of 3 years.

The Committee meets at least twice every year or more frequently as circumstances dictate. The members of the Risk and Governance Committee are as follows:

Name of Member	Position
Margaret Shava	Independent Director - Chairperson
Joseph Karago	Independent Director
Olagoke Aluko	Managing Director
Lawrencia Gichatha	Finance Manager
John Maonga	Company Secretary

In the year 2020, the BRGC met virtually three times as shown here below:

Name of Member	Eligible No. of Meetings	No. of Meetings attended	Overall % attendance
Margaret Shava	3	3	100%
Joseph Karago	3	3	100%
Olagoke Aluko	3	2	67%
Lawrencia Gichatha	3	2	67%
John Maonga	3	3	100%

NB: In addition, meeting sessions were held to discuss specific matters to be escalated to the Board.

CHARLES WAMBUGU
RISK, GOVERNANCE & COMPLIANCE MANAGER

Charles is currently the Risk, Governance and Compliance Manager for Total Kenya.

Charles holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi and is a Certified Public Accountant CPA(K). Charles joined the Total Group during the Chevron merger in 2009 and was appointed Chief Internal Auditor.

Before joining Total Kenya, Charles worked with Coopers & Lybrand as Senior Auditor, British Oxygen (BOC) Kenya Ltd as Audit Manager, Unga Group of companies in audit and accounting roles and with Chevron as Area Audit Manager (EA).

BOARD COMMITTEES

C THE BOARD NOMINATION & REMUNERATION COMMITTEE

The CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the CMA Code) expressly requires that "the Board shall appoint a Nomination committee consisting mainly of independent and non-executive Board members with the responsibility of proposing new nominees for appointment to the Board and for assessing the performance and effectiveness of the directors of the Company". Further, the CMA Code expressly states that "the Board of directors shall set up an independent remuneration committee or assign a mandate to a nomination committee or such other committee executing the functions of a nomination committee, consisting mainly of independent and non-executive directors, to recommend to the Board the remuneration of the executive and non-executive directors and the structure of their compensation package".

The Committee's roles and responsibilities are to:

- Review the required skills mix and expertise that the executive directors as well as independent and non-executive directors bring to the Board on an annual basis and make disclosure of the same in its annual report.
- Recommend to the Board candidates for directorships to be considered for appointment by the shareholders.
- Consider only persons of calibre, credibility and who have the necessary skills and expertise to exercise independent judgement on issues that are necessary to promote the Company's objectives and performance in its area of business.
- Consider candidates for directorships proposed by all the shareholders including the majority shareholders.
- Formulate and review the remuneration policy and procedures of the Company that attract and retain Board members.
- On an annual basis review the remuneration of the Board members for submission to the Board for approval.
- Review and recommend to the Board for approval the Board Remuneration Report for inclusion in the Annual Reports.

The Committee ensures that the structure of the Board comprises a number of directors, which fairly reflects the Company's shareholding structure and is not biased towards representation by a substantial shareholder but shall reflect the Company's broad shareholding structure putting into consideration the minority shareholders without undermining the collective responsibility of the directors. The Committee also ensures that the Board members are remunerated fairly.

The Board Nomination and Remuneration Committee Charter clearly spells out the composition, role, scope, mandate, requirements and the duty of the Committee and its members. Any amendments to the Charter require the approval of the Board. This Committee is composed of five Directors and is chaired by an Independent Director. One independent Director shall also act as the Secretary to the Board Nomination and Remuneration Committee.

The Committee meets at least once annually or more frequently as circumstances dictate. The members of the Board Nomination and Remuneration Committee are as follows:

Name of Member	Position
Joseph Karago	Independent Director - Chairman
Margaret Shava	Independent Director - Committee Secretary
Jean-Philippe Torres	Non-Executive Director
Séverine Julien (Resigned on 31 March 2021)	Non-Executive Director
Olagoke Aluko	Executive Director
Paul-Henri Assier de Pompignan (Appointed on 31 March 2021)	Non Executive

In the year 2020, the BNRC met virtually four times as shown here below:

Name of Member	Eligible No. of Meetings	No. of Meetings attended	Overall % attendance
Joseph Karago	4	3	75%
Margaret Shava	4	4	100%
Jean-Philippe Torres	4	4	100%
Olagoke Aluko	4	4	100%
Séverine Julien	4	4	100%

BUSINESS ETHICS

MOVE FORWARD, SPEAK UP!

ANY DOUBT OR QUESTION?

Use the contact you feel comfortable with.

Line Manager,
other managers

Human
Resources

Compliance Officer

Country
Ethics Officer

The Ethics
Committee
ethics@total.com

Integrity
Committee
ethics@total.co.ke

TOTAL

OUR CODE OF CONDUCT

ROOTED IN OUR VALUES

In addition to the reference standards, we are united by five values:

- Safety
- Respect for Each Other
- Pioneer Spirit
- Stand Together
- Performance-Minded

These values are the principles that must guide everything we do. Our two core values, **Safety** and **Respect for Each Other** are reflected in our organization's procedures and guidelines to provide practical guidance for upholding the Code of Conduct in our day-to-day actions

OUR CODE OF CONDUCT

SAFETY

Safety is the core component of an industrial Company's responsibility; it is also the foundation of its long-term viability. A Company that is not safe or reliable is not a sustainable Company. That means that we are uncompromising when it comes to Safety. Cost does not enter the equation, because safety is a value that we respect above everything else.

Safety is a daily battle that is waged with humility and vigilace. We must never drop our guard. Accidents are not inevitable. Every accident, no matter how minor, can be avoided. All of us at Total, at every level of the organization, are mindful of our rules regarding safety and rigorously observe these rules at all times. Each of us has a personal responsibility and the personal authority to step in when we observe a breach of those rules or feel a situation is unsafe.

RESPECT FOR EACH OTHER

Respect for each other is a cornerstone of our collective principles and our ways of demonstrating exemplary conduct. Respect for each other means listening to each other.

Respect for each other goes hand in hand with honesty, unwavering business integrity and, as a result, the rejection of corruption and fraud in any form. It also means honoring the contracts and agreements we sign.

Respect for each other is respect for human rights. We do not compromise on this point in our operations worldwide.

Respect for each other includes respect for the environment and health, consistent with our strategy of responsible and sustainable development.

Respect for each other means making people the core focus of our collective undertaking, valuing diversity and paying attention to the quality of employee dialogue within the Company.

EXAMPLES OF UNACCEPTABLE BEHAVIOR

- Offering a payment or item of value (gifts, travel, hospitality, etc.) to a public official, a member of that official's staff or family, or any person claiming to have influence with that official in return for the issuance of a goverment permit that is needed to start a project.
- Recieving a gift or hospitality of value from a supplier participating in a call for tenders that could affect the impartiality of the selection proccess.
- Engaging a person to represent Total without first:

  - Evaluating the risks posed by that relationship

  - Defining and delimiting that persons responsibility

This will help to ensure that, for example, the representative does not abuse his or her influence or promise or offer advantages of any kind to public officials to obtain an advantage in return.

INTEGRITY - FRAUD & CORRUPTION

We maintain a policy of Zero Tolerance for fraud of any kind, particularly bribery and corruption, influence peddling and violations of anti-trust law.

We do not tolerate any form of corruption or influence peddling, defined as follows:

Promising or granting a payment or benefit of any kind to a public official, private individual or Company, either directly or indirectly (through a third party or intermediary), despite its illegality, in return for:

- Performing, failing to perform, facilitating, delaying or expediting an action related to official or professional duties.
- Using undue influence to obtain a favourable decision or benefit of any kind from a public authority

Soliciting, accepting or recieving a payment or undue advantage of any kind in return for performing, failing to perform, fascilitating, delaying or expediting an action related to official or professional duties.

Acts of corruption and influencer peddling or violations of antitrust law shall render the culprits and the Company alike liable to harsh disciplinary action, both civil and criminal, regardless of the country in which the fraudulent behavior occured, in accordance with applicable laws and regulations. Total employees are invited to review the companies Anti-Corruption Compliance Program to ensure they are abiding by its principles at all times.

> **Safety is a daily battle that is waged with humility and vigilance**

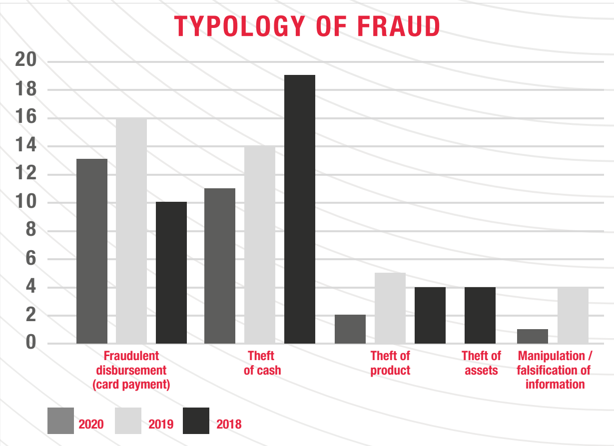
> **Respect for each other means listening to each other**

OUR CODE OF CONDUCT

INTEGRITY COMMITTEE

Like any organization of significant size and complexity Total Kenya is inherently vulnerable to risks of fraud and corruption. In response to these risks, Total Kenya Plc has a range of mitigating controls including the Integrity Committee, Ethics Officer, Compliance Officer and an Internal Audit department. The Integrity Committee is composed of the Managing Director, Finance Manager (Ethics Officer), Human Resources and Administration Manager, Audit Manager and the Risk Governance and Compliance Manager (Compliance Officer). They deal with all compliance related matters. The Integrity Committee reviews cases declared by employees, customers, suppliers or any third party, via the 'Speak-Up Campaign' and ethics email of the Group and/or Total Kenya: *ethics@total.com*, or *ethics@total.co.ke*. The Integrity Committee calls for investigation if judged necessary, takes note of recommendations of the investigations and applies disciplinary actions.

The graphical analysis provides a summary on the outcome of proactive and reactive anti-fraud and investigation work from 2018 to 2020, with majority of the cases reported coming from Total Service stations.



COMPLIANCE PROGRAM

To prevent risks of corruption, Total has a robust and regularly updated anti-corruption compliance program that has been rolled out to employees and third parties. The aim of this program is to promote a culture of compliance, transparency and dialogue. These components are key in ensuring sustainability of the Company's operations and activities, as well as meeting legal requirements. Being a multinational Company, Total Kenya is subjected to both local and international anti-corruption laws as well as Group rules.

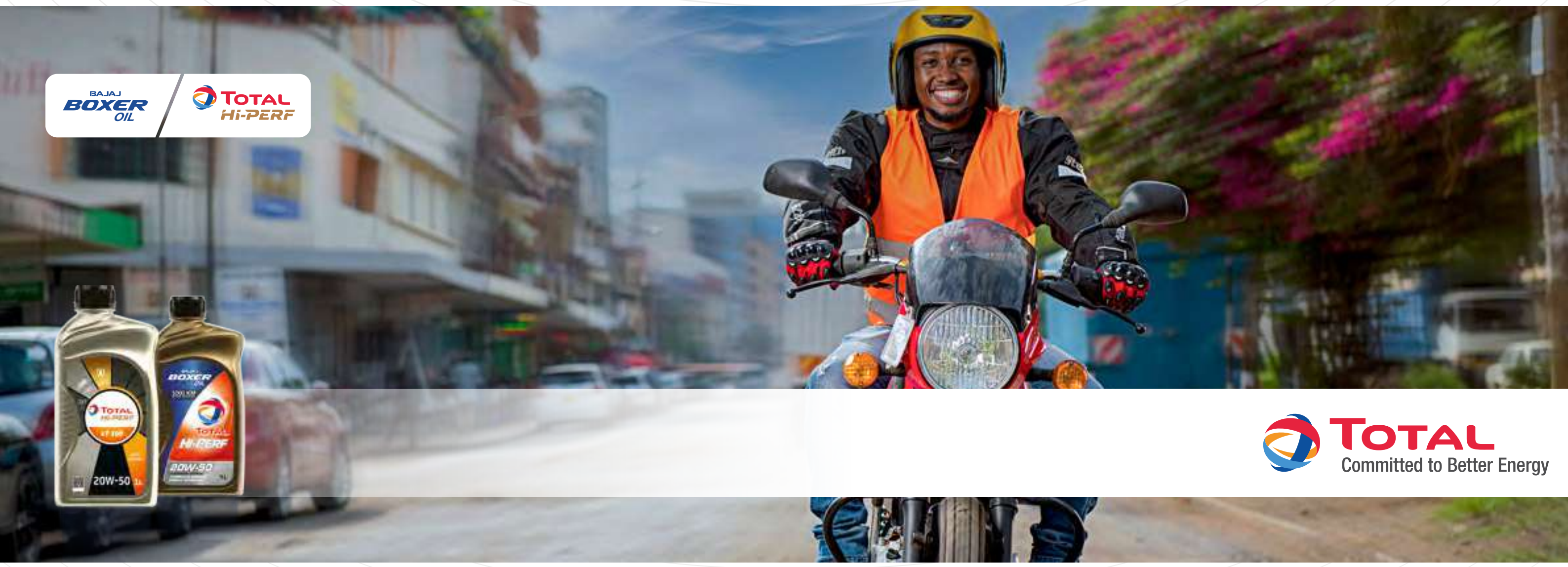
COMPLIANCE WITH CMA CODE OF CORPORATE GOVERNANCE

Corporate governance continues to be a key priority of the Board in exercising its mandate as being responsible and accountable to all stakeholders. The Board has put in place procedures, systems and controls to safeguard their interests in line with the highest standards of corporate governance.

In fulfilment of the requirements of the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public (2015), the Company had undertaken a corporate governance audit in 2020 to ascertain the robustness and effectiveness of its governance structures.

The Code of Corporate Governance Practices for Issuers of Securities to the Public (the Code) seeks to promote the practical entrenchment of good governance and continuous improvement.

The Capital Markets Authority has assessed the status of implementation of the Code by Total Kenya Plc for the year 2019. The assessment was done based on the Company's self-assessment and the publicly available information. The 81% weighted overall scored in 2018/19 is a commendable improvement from the 67% weighted overall score reported in 2017/18. The Company will continue to implement the proposed actions aimed at enhancing the process to meet the corporate governance requirements.



REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR

INTRODUCTION

We have performed a Governance Audit for Total Kenya Plc covering the year ended 31 December 2020, which comprised an assessment of governance practices, structures and systems put in place by the Board of Directors.

BOARD RESPONSIBILITY

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audits.

We conducted our audits in accordance with ICPSK Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organizations policies, systems, practices and processes. We believe that our governance audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place effective, appropriate and adequate governance structures in the organization which are in compliance with the legal and regulatory framework and in line with good governance practices in the interest of stakeholders

CS. Mary Reba Chabeda-Ouko, ICPSK GA. No 00048
For Umsizi LLP
March 04, 2021

MANAGEMENT

DIRECTORS' PROFILES

MR. JEAN-PHILIPPE TORRES
Chairman Of The Board

Born in 1966, Mr Jean-Philippe Torres holds a Diploma in Economics from the University of Lille (France), a Master in Finance from The ESCEM School of Business and Management (France) and a Master of Science in Management from the IESEG School of Management (France). He is currently the Executive Vice President of East and Central Africa Division of the Marketing and Services branch of Total Group (Paris La Défense, France) and has previously served as a Senior Executive for the Total Group in various countries including Nigeria, Panama, Germany, France, Congo, Togo, the Gambia, Senegal and DRC. He was appointed as a director and chairman on 5 September 2018.

MR OLAGOKE ALUKO
Managing Director

Mr Olagoke Aluko was born in 1974 and holds a Master of Science Degree in Finance and Accounting from London School of Economics. He has 20 years' experience in the Downstream Oil & Gas sector within Total Group with Management, Operations, HR, Finance & Accounting, Mergers & Acquisition, Information Systems as well as Audit and Internal Controls experience. He has held several cross functional roles within the Group including; CFO Total Guinea, General Manager HR & Corporate Affairs Total Nigeria Plc, and prior to this appointment, he was the General Manager Operations at Total Nigeria Plc. He is the alternate Director to Jean-Philippe TORRES and was appointed as the Managing Director on 1 October 2018.

MR. STANISLAS MITTELMAN
Non-executive Director

Mr Stanislas Mittelman was born in 1965 and began his career at Total France in 1987, with the Network division. He became Network Project Manager of Total Nigeria in 1990. Upon returning to Paris in 1993, he joined the Finance division of Total Outremer.

In 1994, he joined Total's LPG affiliate in Vietnam, Vietnam LPG Co., as Deputy Managing Director in charge of Marketing and Finance. In 1997, he became Managing Director of Totalgaz Philippines. In 2000, following the merger of Total Fina and Elf, he joined the Strategy division of Total Refining & Marketing, where he took special charge of some M&A projects. In 2001, he was appointed Managing Director of Total Zimbabwe, and went on to become Specialties Director of Total UK in 2004. Starting in 2008, he took on the duties of Vice President, West Africa, in the Group Refining & Marketing branch, where, in 2012, he became Director, Strategy, Growth and New Business. From 2015, he was President of Total Marketing France, before being appointed Senior Vice President Africa Division of Total Marketing & Services. Stanislas graduated from France's EDHEC Business School and was appointed as a Company Director on 9 June 2016.

MR JOHN MAONGA
Company Secretary

Mr John Maonga was born in 1960 and is a holder of B. A. Degree from the University of Nairobi and is a Certified Public Secretary. He is a registered Practising Company Secretary and a fellow of the Institute of Certified Public Secretaries of Kenya. He is a Member of the Institute of Directors and an Accredited Practicing Governance Auditor. He has over 30 years of experience in Company Secretarial, Share Registration and Trustee Services. He was appointed Company Secretary of Total Kenya Plc on 1 February 1999.

MS MARGARET SHAVA
Independent Director

Ms Margaret Shava was born in 1965 and is an advocate of the High Court of Kenya, a practicing advocate, an independent consultant and a Certified Public Secretary (Kenya). Margaret has over 25 years working experience in law, management, legal consultancy and peace building & transitional justice. She has worked in various economic sectors, United Nations organization and national & international non-governmental organizations. Margaret is a holder of a Master of Arts degree in Democratic Studies from the University of Leeds, UK, a Bachelor of Laws degree from the University of Buckingham, UK, a Certificate in Oil& Gas from Strathmore University and a Certificate in Competition Law from the Kenya School of Law. She is a Member of Committee on Budget and Finance at the International Criminal Court (ICC) and the Chairperson of the Audit Committee of ICC. She is a member of the Finance Committee of the Permanent Court of Arbitration and has attained the status of Certified Professional Mediator. Margaret was appointed a Director of the Company on 9 June 2016. She is the Chairperson of Risks and Governance Committee of the Board and also a member of the Audit Committee of the Board.

DIRECTORS' PROFILES

MR JOSEPH KARAGO
Independent Director

Mr Joseph Karago was born in 1962 and is a Registered Practicing Architect, and has expertise in strategy & policy formulation, programme & project formulation, technical audit project management, general management and team building. He holds a Bachelor of architecture degree from the University of Nairobi and is a member of the Institute of Directors. He was appointed as a Director of the Company on 9 June 2016 and is currently a member of the Risks and Governance Committee of the Board and Chairman of both the Nominations & Remuneration and the Audit Committees.

MR MAURICE ODHIAMBO K'ANJEJO
Independent Director

Born in 1957, Mr Maurice Odhiambo K'Anjejo is an Accountant and he holds Bachelor of Commerce (B.Com.) degree, Accounting Option from the University of Nairobi. He is also a Certified Executive and Leadership Coach. He had previously worked for Total Kenya Plc for 32 years in various managerial positions and also served as an alternate Board member in the Board of Total Kenya Plc for nine years up to the time of his retirement from employment on 31 October 2017. He was appointed as a Director of the Company on 18 November 2020 and is currently a member of the Audit Committee of the Board.

MS LAWRENCIA GICHATHA
Finance Manager

Born in 1977, Ms Lawrencia Gichatha holds a Master's in Business Administration, Strategic Management from Moi University, Kenya and a Degree in Bachelor of Commerce (B.Com.), Accounting from the University of Nairobi, Kenya. She is a qualified and registered member of ICPAK. Lawrencia joined Total Kenya in 2002 and has served in several positions within the Total Group. She is currently the Finance Manager of Total Kenya and has previously served as a Corporate & Project Finance Manager, Marketing & Services (MS) Branch - Africa perimeter based in France, SAP Program Manager for MS, Africa Perimeter based in France, Controlling Manager, SAP Coordinator and Financial Accountant at Total Kenya Plc. Lawrencia is also the Country Ethics Officer and an alternate Director to Mr Olagoke Aluko as well as a member of the Risks and Governance Committee of the Board. In addition to the Total Kenya roles, she is a Director for the Total solar companies in Kenya specifically, Isiolo Project Limited and, Isiolo PV Property limited and also holds the role of the Treasurer of the Safe Way Right Way NGO.

MR JOHN MUCHUNU
Strategy & Corporate Affairs Director

Born in 1962, Mr John Muchunu has worked for the Total Group for thirty one years. During his tenure, he has held the following positions; Technical Marketing Representative (2 years), Senior Marketing Representative (3 years), Area Retail Sales Manager (4years), Customer Service Manager (2 years), Aviation Manager (2 years). He was expatriated to Total Zambia in 2001 and appointed to the position of the Commercial Manager, he then moved to Total Uganda in 2004 to hold the same position. In October 2009, John came back to Kenya as Commercial Development Manager for one year. He took over the position of Network Sales Manager in October 2010. In November 2014 he was appointed HSEQ Manager. In February 2020 he was appointed Strategy and Corporate Affairs Director. He also serves as the MD for Gapco Kenya Limited and CEO for SWRW (Safe Way Right Way). Prior to joining Total Group, Mr Muchunu also worked for BOC Kenya. He holds a bachelor's degree in Mechanical Engineering from the University of Nairobi and was appointed as alternate Director to Stanislas Mittelman effective 12 May 2020.

MR PAUL-HENRI ASSIER DE POMPIGNAN
Non-executive Director

Born in 1981, Mr Paul-Henri Assier de Pompignan holds a Diploma in Management and a Master in Financial Audit from the University Paris Dauphine (France). He is currently Corporate & Project Finance Manager within the Holding Financial Department of Total Group (Paris La Défense, France) and has previously served as a Finance and Accounting Manager for the Exploration and Production Branch of Total Group in France, Nigeria and Angola. Before joining Total in 2009, he had worked as a financial auditor for 5 years at PricewaterhouseCoopers and Ernst & Young, in France and in Gabon. He was appointed as a director on 31 March 2021 and a member of the Board Audit Commitee and Nomination and Remuneration Commitee.

MANAGEMENT EXECUTIVES

MR OLAGOKE ALUKO
Managing Director

Mr Olagoke Aluko holds a Master of Science Degree in Finance and Accounting from London School of Economics. He has 20 years' experience in the Downstream Oil & Gas sector within Total Group with Management, Operations, HR, Finance & Accounting, Mergers & Acquisition, Information Systems as well as Audit and Internal Controls experience. He has held several cross functional roles within the Group including; CFO Total Guinea, General Manager HR & Corporate Affairs Total Nigeria Plc, and prior to this appointment, he was the General Manager Operations at Total Nigeria Plc.

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MR FRANCOIS-XAVIER RUENES
Commercial Manager
(Network, SFS, Card, Customer Service & Brand Communication)

Mr Francois-Xavier Ruenes holds a Degree in Marketing from EDHEC Business School (Lille). He joined the Total Group in 1997 and has worked in France, Latin America and Africa in different positions including Territory Director, Business Developer, Communication and Promotion Manager, Exports Manager and Product Manager. He was the Sales & Marketing Director of Total Cameroon until August 2017 when he was appointed as Total Kenya Commercial Manager Retail & Lubricants.

MANAGEMENT EXECUTIVES

MS SUSAN GACHERU
Planning & Supply Manager

Ms Susan Gacheru joined Total Kenya as the Planning & Supply Manager in July 2017. She has over 17 years experience in the Oil Industry, majority of it being in the Supply & Logistics field. She holds a Bachelor of Commerce Degree in Accounting from Catholic University of East Africa and a Diploma in Supply and Purchasing from the Chartered Institute of Procurement and Supply. Previously she worked at GAPCO Kenya Ltd where she was the Supply & Trading Manager for a period of 3 years. Other positions she has held include Supply & Trading Coordinator at Hashi Energy Ltd between January 2012 and April 2014, and functions within Supply & Finance departments at Ola Energy Limited (formerly Exxon Mobil) from January 2004 to December 2011.

MR OLIVER BIYOGO
Commercial Manager Specialties

Mr Oliver Biyogo holds a Degree in Bachelor of Science in Mechanical Engineering (Automotive) from Jomo Kenyatta University of Agriculture and Technology. He is a Member of Institute of Engineers of Kenya and a member of Kenya Bureau of Standards Technical Committee for Petroleum Products. Oliver Joined Total Kenya in 2011, during his tenure he has worked as Lubricants Sales Engineer (3 yrs.), Lubricants Technical Support Manager (2 yrs.) and as the Lubricants Sales Manager (5yrs) in charge of sales and marketing of lubricants in Kenya and Export Markets. Prior to Joining Total Group, Oliver worked for Mantrac Kenya Ltd (CATERPILLAR Dealer in East Africa) in the area of Product Technical Support Services for heavy Construction machinery, marine engines and power systems.

MR SANDIP MUKHERJEE
Commercial Manager B2B

Mr Sandip Mukherjee joined Total Kenya as the Commercial Manager B2B in February 2018. He holds an MBA from the Indian Institute of Management, Calcutta (IIMC) and a Bachelor of Science in Physics. Previously he has been associated with the GAPCO Group for seventeen years in various roles in East Africa. His last position was General Manager – Sales for GAPCO Kenya Ltd. He had also worked in India with MNCs like ESAB and has varied experience across petroleum downstream, engineering, management consultancy and international business development.

MANAGEMENT EXECUTIVES

MR GÉRARD OBERTI
Operations Manager

Mr Gérard Jean-Pierre Oberti holds a Master's Degree in Mechanical Engineering from the Ecole National Supérieure des Arts et Métiers - ENSAM, Paris (France) as well as a Master's Degree in Geophysics from French Petroleum Institute (IFP- Paris, France). He joined Total in 1998 as Aviation fuels Project Manager and rose to the ranks of Aviation JIG inspector and Aviation Joint Venture Depot Manager (Total-BP) respectively. He has then served the Total Group in several countries, in 2007 as Terminal Operations Manager at Total UK Ltd in North London (UK), 2014 as HSE Assistant Director at Total Americas zone in Panama and 2017 as Major Incidents Chief Investigation Officer for Total Group Holding HSE division. He was appointed Operations Manager of Total Kenya Limited in December 2019, a position he holds to date.

MS IRENE MUINDE
Head of Human Resources & Administration

Ms Irene Muinde joined Total Kenya Plc in September 2013 and has diverse experience spanning over 20 years acquired from manufacturing and banking sectors. She holds an Executive MBA in Human Resources from Moi University, Bachelor of Arts from the University of Nairobi, Diploma in HRM from Kenya Institute of Management and is a Certified Psychometric Tester and Prince 2 Practitioner (Project Methodology).

MR JAMES KAMAU
HSEQ Manager

Mr James Kamau has worked for the Total Group for 26 years. During his tenure, he has held the following positions; Safety, Health & Environment Coordinator (6 years), Safety, Health & Environment Manager (14 years). In 2014 he was expatriated to M&S Competency Center (MSCC) in Johannesburg, South Africa and appointed to the position of Regional HSE Coordinator for East /Southern Africa & Indian Ocean Islands (AFA/ACE/OCI). In September 2017 following the closure of MSCC hub, he returned to Total Kenya and continued to serve AFA & ACE zones. In February 2020 he was appointed HSEQ Manager, a position held to date. Prior to joining Total Group, Mr. Kamau worked for Directorate of Occupational Health and Safety service as an Industrial Hygienist for (7 years). He holds a Bachelor's Degree in Biochemistry from the University of Nairobi and a Master's Degree in Industrial Hygiene from University of Newcastle Upon Tyne -UK.


NUNUA
TOTAL LPG
+ CYLINDER
UPISHI SALAMA
TOTAL
Committed to Better Energy


TOTAL
TOTAL
TOTAL

SUSTAINABILITY REPORT

INTRODUCTION

PREFACE

The world experienced an extraordinary year 2020. The COVID-19 pandemic and the subsequent impact on the overall Kenyan economy, and the oil and gas sector in particular, tested our capacity to adapt swiftly when faced with multiple pressures. One thing that the pandemic has taught us is the vital role businesses can have in helping to solve some of the world's most urgent problems. The crisis is placing heightened importance on how we are addressing our environmental and social impact. Profits and purpose can work together in service of all stakeholders. Over the past year we worked extra hard to support the mental and physical health and well-being of our own employees, as well as some of the most vulnerable in the communities where we live and work. It caused us to come up with strict measures that are in line with the Government of Kenya's Ministry of Health Regulations. Most of the initiatives we came up with are discussed in detail in this report.

The health crisis we are all currently facing has not shaken our convictions on the need to diversify so we can serve the demand for energy in ways that are aligned to the long-term future well-being of humanity and our planet. Last year, Total took a major step forward in its response to the climate challenge by setting a new ambition to get to net zero emissions for its global business by 2050, together with society. In this way, Total intends to contribute to the Paris Agreement's carbon neutrality objective for the second half of the century. Total's Net Zero by 2050 ambition includes three major steps:

i. Net Zero across Total's worldwide operations by 2050 or sooner.

ii. Net Zero across all our production and energy products used by customers in Europe by 2050 or sooner.

iii. 60% or more reduction in the average carbon intensity of energy products used worldwide by Total customers by 2050.

To support these global ambitions, Total Kenya is making steady progress towards making our operations more sustainable. Our Company is convinced that the strategic integration of sustainable business practices presents a strong business case and will establish a unique value proposition for Total Kenya, strengthening our reputation and trust amongst stakeholders and the community at large. We therefore remain steadfast in our commitment to develop innovative strategies to mitigate the environmental impact of our operations and catalyzing change within the communities where we operate. We are doing this through engaging our stakeholders across the value chain to create greater positive impact. Expanding on last year's theme "Scaling even greater heights in the energy transition", this year's Sustainability Report aims to inspire our larger ecosystem and our value chain to accelerate climate action.

REPORT CONTENT AND SCOPE

This is Total Kenya's third Sustainability Report. It contains information on Total Kenya's sustainability strategy, programs, and performance for the financial year 1 January to 31 December 2020, unless otherwise stated. It provides to our stakeholders a detailed outline of our approach to sustainability and how our corporate values on environmental, social, and governance issues are reflected in our performance.

The report focuses on our material topics as set in the sustainability context of environmental, social, economic, and governance priorities and opportunities. We identified these topics in 2019 through a materiality exercise that considered the sustainability context and involved a review of stakeholder concerns. We were due to review our material topics in 2021.

This report is aligned with relevant global disclosure frameworks and benchmarks including the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDGs). It is to be read in conjunction with the 2020 Annual Report and other sustainability related disclosures on the Total global website. Unless otherwise stated, the information and data cover Total Kenya's activities and sites. This report has been prepared in accordance with the GRI Standards: Core option.

2020 SUSTAINABILITY HIGHLIGHTS

Approx. **78Tonnes of carbon dioxide** cut from the atmosphere through improved energy performance	**35% savings** from use of solar energy
3,390 solar panels installed in **107 service stations** in Kenya	**1,986,328 lives** impacted through distribution of solar lamps
Over **170 new** service stations upgraded to double skin tanks and over **100 tanks** stratified in 2020	**Ksh.3.5M** - amount of money spent to support frontline health workers as part of **Covid-19 pandemic response**
45,551 - Number of hand sanitiser dispenser units distributed as part of Covid-19 pandemic response	Total Kenya awarded by Total Group for **COVID-19 response management**
230 tonnes of hazardous waste collected and safely disposed	**81%** of the valid license and statutory requirements met
94.4% validity rate on Health, Safety and Environment and Quality compliance across all our operations	**Kshs. 50bn** economic value created in **2020**

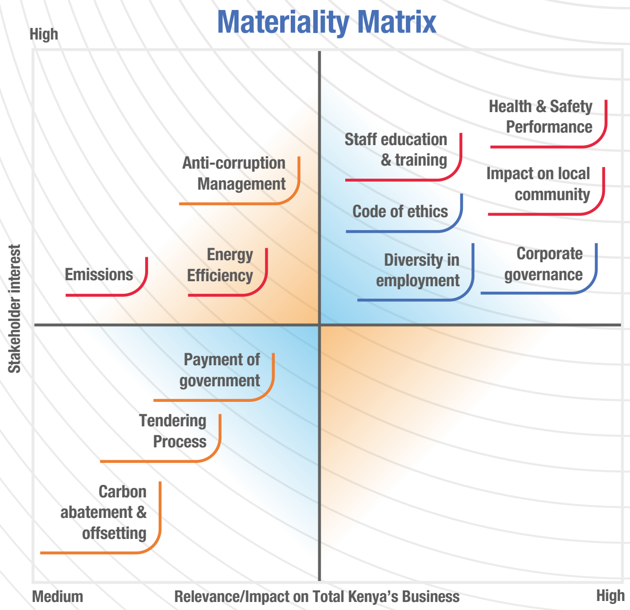
MATERIALITY ASSESSMENT

In 2018 when we produced our first sustainability report, we engaged our stakeholders in prioritizing and responding to issues that arise from our dynamic working environment.

Overall, the 2020 list of material issues is broadly similar to the previous years' material topics when we identified issues that matter most for our Company, its Stakeholders, and the Communities we serve and operate in. We conducted an internal validation exercise of the current topics with Total Kenya's Managers from key departments including our Operations, Audit, Supply, Human Resources & Administration, Finance, Health, Safety, Environment and Quality (HSEQ), Commercial, and Strategy & Corporate Affairs. The material issues were assessed based on the potential impact on our business and Total's current preparedness to manage each material topic. Climate resilience, responsible supply chain and having a future-ready workforce emerged as new material issues.

There is a plan to engage an external consultant in 2021 to conduct a study of these and other material issues noting any increase in concern by internal and external stakeholders. This feedback will help us to evaluate and improve on our sustainability practices and disclosure to align with our stakeholders' expectations.

SUSTAINABILITY REPORT



Stakeholder-Driven Material Sustainability Issues

TOTAL KENYA'S MATERIAL SUSTAINABILITY ISSUES	BOUNDARY & IMPACT	GRI STANDARDS DISCLOSURES	ADDRESSED IN THIS REPORT
Energy efficiency & adoption of renewables	Customers, suppliers, government and regulators, Investors, community and media	Energy	Reducing environmental impact
Climate resilience (NEW)	Customers, suppliers, government and regulators, investors, community, and media	Emissions	Reducing environmental impact
Product quality and responsibility	Customers, suppliers, government and regulators, investors, community and media	Marketing and labeling Customer health and safety	Building sustainable cities and communities Shaping a fair, safe and inclusive work place
Occupational health, safety and well-being	All stakeholders across our value chain	Occupational health and safety	Shaping a fair, safe and inclusive work place
Ethical and transparent business	All stakeholders across our value chain	Anti-corruption	Shaping a fair, safe and inclusive work place
Economic contribution to society	All stakeholders across our value chain	Economic performance Market presence Indirect economic impacts	Creating shared economic and social value
Responsible supply chain (NEW)	Service Providers, community, government and regulators, investors and media	Materials	Economic performance
Future-ready workforce (NEW)	Employees, government and regulators, and investors	Training and education Employment Labor/ management relations	Shaping a Fair, Safe and Inclusive Workplace
Community impact and partnerships	All stakeholders across our value chain	Direct economic & Social impacts	Creating Shared Economic and Social Value

Identifying Issues Material to Stakeholders

Engaging, anticipating and meeting the needs of our stakeholders are important to Total Kenya's long-term business viability and success. We define our stakeholders as groups that our business has a significant impact on, and those with a vested interest in our operations. Suppliers/service providers, are newly added stakeholder groups in 2020.

STAKEHOLDER GROUPS AND THEIR SIGNIFICANCE TO TOTAL KENYA	ENGAGEMENT PLATFORMS	ISSUES AND CONCERNS
Our Employees Health and safety, competencies, welfare and professional development of employees are fundamental to Total Kenya's performance and key to enhancing our human capital.	1. Regular dialogue sessions and forums by Senior Management. 2. Company intranet. 3. Frequent employee activities.	• Corporate direction and growth plans. • Job security. • Remuneration and benefits • Career development and training opportunities. • Workplace safety and health. • Labor and human rights. • Work-life balance. • Employee volunteerism.
Our Customers Delivering safe, high-quality products and services to our customers are our raison d'être. In 2020, we served a total of 94,579 Customers. However, we did not conduct any customer survey.	**Dealers** 1. Customer service / Commercial department **Retail Customers** 1. Recycling program. 2. Events and activities 3. Customer promotions. 4. Annual customer satisfaction surveys.	**Dealers** • Customer service and experience. • Procurement process. • Ethical marketing practices • Complaints handling. • Outlet design and features. **Retail Customers** • Health and safety certifications • Management of facilities. • Customer service and experience. • Product safety, price and efficiency. • Environmental management, education and advocacy. • Ethical marketing practices.
Service Providers We work closely with partners in our value chain to ensure that our operations are carried out in line with Total Kenya's Health and Safety policies and standards that place environmental conservation, work site safety, workers' health and well-being as priorities.	1. Policies including health and safety, human rights and anti-corruption. 2. Supplier code of conduct. 3. Seminars 4. Vendor evaluation.	• Legal compliance. • Innovation • Workers safety and health. • Labor practices and welfare. • Human rights. • Social inclusion • Resource and waste management.
Our Investors and Analysts Maximizing long-term shareholder returns is a key priority for us to generate financial capital. In line with our strong emphasis on corporate governance, we continue to build investor's trust and confidence through open dialogue and two-way communication with shareholders and the investment community. **The Media** By engaging the media community regularly, through mainstream news and information channels, we can raise greater awareness of our sustainability agenda and Total Kenya's drive to adopt sustainability practices.	1. Annual General Meetings 2. Financial results announcements 3. Regular analyst and investor meetings 4. Non-deal roadshows 5. Conferences, meetings and site visits 6. Media releases and interviews 7. Annual reports 8. Integrated sustainability reports 9. Corporate website and social media platforms	• Growth strategy • Financial performance • Innovation • Market disruptions • Risk management • Corporate governance. • Environmental, Social and Governance (ESG) indicators. • Sustainability performance and tracking • Reporting standards
Government and Regulators We partner with key government agencies and regulators to jointly elevate industry standards for common sustainability practices, and health and safety standards.	1. Senior management representation on boards of various industry bodies. 2. Participation in various national programs.	• Programs to cultivate responsible workplace practices. • Sharing of industry best practices. • Promoting sustainability reporting in the Kenyan oil industry. • Promoting workplace health and safety.
Our Community We promote social integration and well-being and invest in community development projects.	1. Annual reports. 2. Integrated sustainability reports. 3. Company website and social media. 4. Corporate advertisements. 5. Collaborations with charity and NGOs partners for community development.	• Promoting environmental awareness. • Empowering in entrepreneurship • Supporting Kenya's road safety initiatives • Caring for the less fortunate • Social inclusion. • Ethical marketing practices
Community impact and partnerships	All stakeholders across our value chain	Direct economic & Social impacts
Future-ready workforce (NEW)	Employees, government and regulators, and investors	Training and education Employment Labor/ management relations

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OUR COVID-19 RESPONSE

Working from home protocols were put in place in March 2020 for business continuity planning and as preventive measures in response to the pandemic restrictions. These included:

1. Daily Personal Order Booking – Monitoring of staff working at the office done on a daily/weekly basis.
2. Hygiene – Personalized water bottles were issued to staff.
3. Space modification at the Head office has been ongoing.
4. Hot desking concept was introduced to help manage the available space.
5. Re-organization of departments where necessary.
6. Meals for head office & depot staff
7. Daily temperature checks and sensitization on health checks.
8. Monthly fumigation and disinfection on all facilities.

In addition, we installed remote controlled doors to avoid touch, provided sanitizers, masks and face shields to staff members and also conducted COVID-19 awareness programs for our staff members to ensure they know how to protect themselves against Coronavirus transmission. Temperature checks were done for everyone accessing Total Kenya premises, and where possible offices operated on a 25% capacity level.

Produced free hand sanitizers in collaboration with the government for distribution to the public

Donated Sanitizers to staff

Standing Together with the Community, Total Kenya went further to produce Sanitizers for distribution to the public; with the government providing raw materials., Total Kenya provided its expertise, labor, facilities, production equipment, packaging materials and storage space to the initiative, producing over 450,000 liters of sanitizer in the year 2020.

We also provided face shields, glass barriers at cashiers, sold sanitizers and sprays at point of purchase as well as Personal Protective Equipment (PPE) across our operations distributing a total number of 45,55l hand sanitizer dispenser units. The collection of hand sanitizers was coordinated through two of our service stations i.e. Total Hurlingham and Total Survey in Nairobi. Contractors were provided with information guidelines and we carried out a strict regime of monthly disinfections of all depots and office premises. Our annual conference for service providers was done online and we digitized our documentation and payments transitioning to cashless transactions transfers as opposed to cash and cheque deposits.

Donation of Total Card and sanitizers to health care workers

On 26th June 2020, we held our first virtual Annual General Meeting (AGM). This was conducted in line with the Capital Markets Authority (CMA) requirements and included online polling with questions raised during the meeting and poll results being posted on the Total Kenya website the day after the AGM. Annual reports were delivered closer to investors especially for those outside Nairobi.

A budget of KShs 10M, to support frontline health workers was approved. A donation of fuel worth KShs 3.5M distributed via Total Fuel cards was provided to the folowing public hospitals; Kenyatta National hospital, Mbagathi hospital and Kenyatta University Teaching and Referral hospital for ambulances, staff buses and pool cars that provide logistics for staff and medical supplies. Frontline health workers who include doctors, nurses and laboratory technicians among others also received TOTAL cards for fuel and LPG purchases. In addition they received one liter of hand sanitizer blended at our lubricant plant. The initiative was dubbed: #Standingwithmedicalworkers.

Responses to Risks and Opportunities of the 15 Key Material ESG Issues in 2019

Total Kenya's high standards of operation are achieved by pursuing key actions documented in the Health Safety Environment & Quality Policy. Total Kenya in its entirety is ISO 9001:2015 certified. In response to the risks that may arise from our activities, we systematically implement a risk prevention and mitigation process that brings together front-line teams and specialists across all phases, from project design and execution to site dismantling and reclamation. On ISO, we achieved the re-certification to the ISO 14001:2015 environmental management system standard at the Lube Oil Blending Plant (LOBP) through a physical audit. Surveillance audits were also done across 27 stations (physical visit), 6 depots (physical visits) and 9 head office sections (virtual). The process is built on industrial risk analysis and involves:

SUSTAINABILITY REPORT

- Introducing standards that are applicable across the board.
- Deploying an organization aligned with the risk management system.
- Verifying correct application of the system following risk assessments.

This verification takes the form of self-assessment and internal and external inspections and audits.

The table below outlines Total Kenya's actions in addressing risks and capturing opportunities related to the Company's top material ESG issues. It is also mapped to relevant SDGs. Most of Total Kenya's deliverables cut across different material issues given that some are interrelated (e.g. "Energy Efficiency and Adoption of Renewables" and "Climate Resilience"). Our short to medium term objective is to integrate these ESG risks and opportunities so as to complement the Risk Management framework, information of which can be found in the Risk Management section in Total Kenya's Annual Report 2020.

TOTAL KENYA'S MATERIAL ESG ISSUES	RISKS / OPPORTUNITIES	OUR GOALS AND ASPIRATIONS
Energy efficiency & adoption of renewables Supporting SDGs:	As energy consumption contributes to a significant portion of our operating expenses, increasing the use of solar energy and neutralizing our carbon footprint is a priority for us in developing and managing our offices and sites. It will help mitigate operational risks as more stringent regulations and rising carbon tax are expected.	• Have a robust climate strategy and carbon management. • In solarization, we would like to have more accurate measures of how much we have achieved in savings for energy expenses. • Higher energy efficiency often contributes to lower operational costs.
Climate Resilience Supporting SDGs:	The oil industry sector contributes to some 40% of energy-related carbon emissions and is heavily reliant on natural resources for our operations. Regulatory transition risks such as carbon pricing and stricter product requirements pose challenges to maintain profitability and sustained growth. In the face of climate change, climate proofing for a low-carbon future is key to Total's growth strategy.	Dealers • To optimise resources and cost-savings, sustainability considerations are factored into the entire product lifecycle. This year, Total Kenya joined global efforts to voluntarily reduce our annual carbon emissions to net-zero for our corporate office operations as well as all our outlets. • We have also adopted extensive solar energy in our outlets. • We are committed to setting carbon reduction targets and raising the use of sustainable materials in our operations.
Product Quality and Responsibility Supporting SDGs:	Delivering safe and high-quality products and services in Total Kenya's portfolio is fundamental to the Company's branding and product differentiation.	• Total Kenya's products have consistently excelled quality assessement standards. • Ensure compliance and prevent latent defects. We have a robust policy to identify design risks and assess the severity of Health and Safety impacts throughout various product development stages. • Beyond product safety and quality, we encourage our employees to be responsbile and stay safe through participation in the Total Global safety moment schemes amongst other initiatives.
Occupational Health, Safety and Well-being Supporting SDGs:	As most activities at oil and gas sites and supplies are carried out by our appointed service providers including transporters and contractors, Total is exposed to safety and health risks if the management of contractors is not sufficiently stringent.	• The safety, health and wellness of Total's employees and contractors' workers have always been our priorities. The Occupational Safety and Health Act, 2007; together with the Environmental Management and Coordination Act, 1999 ('EMCA'), have been able to provide Employee Safety, HSEQ Environmental impact assessments and audits, support E-waste management Energy management regulations as well as Air quality regulations to effectively manage the safety, health and well-being of our employees and workers, directly or indirectly hired.
Ethical and Transparent Business Supporting SDGs:	Bribery and corruption are amongst the highest risks for businesses that could lead to financial and reputational loss. Legal non-compliances will disrupt operations and affect business reputation. Our zero-tolerance policy towards fraud, bribery and corruption provides strong assurance to our stakeholders, including investors and customers.	• Total has been implementing clear and transparent policies and risk management systems, to continuously monitor and validate business processes, and benchmark them against industry best practices. • Our Code of Conduct sets clear expectations of how we work at Total Kenya. It applies to all employees, members of the Board as well as our service providers. • Refresher trainings on anti-fraud and anti-corruption practices are conducted annually and bi-annually for our employees. • Applicable legal requirements are regularly monitored and evaluated for compliance. Incentives and penalties are also implemented to improve and tighten contractors' site management. • We adopt fair marketing practices that reinforce customers' trust in Total-branded properties.

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TOTAL KENYA'S MATERIAL ESG ISSUES	RISKS / OPPORTUNITIES	OUR GOALS AND ASPIRATIONS
Economic Contribution to Society Supporting SDGs: 8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Our financial performance impacts the vested interests of our employees, shareholders, investors and vendors.	• Through upholding high standards of ethical business practices, maintaining strong branding and delivering quality products, we have maintained profitability and optimum returns for investors in our fiduciary duty as stewards of capital, creating value for our stakeholders.
Responsible Supply Chain Supporting SDGs: 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS	The procurement of unsustainable oil and gas materials and methods can negatively impact our ESG performance. Usage of toxic materials can also harm the health of our service providers.	• Total Kenya has built a supply chain that shares the Company's firm commitment to high ethical standards. We further engage all our station dealers, major contractors and suppliers on the annual World Day for Safety (WDFS) and trainings that give clear guidance to suppliers on matters related to safety, environment, quality and health. • To promote and enhance sustainable and responsible practices amongst our suppliers. We conduct due diligence reports reviews for our suppliers every 3 years and bi-annually for those engaged with public entities.
Future-ready Workforce Supporting SDGs: 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	A workforce that is ill-prepared to keep up with industry developments and technological trends will impact our human capital, operational efficiency, and sustained growth.	• Building a workforce with skill sets that future-proof our business in a fast-changing and uncertain global economy is a priority. We actively foster a culture of continuous learning in our workforce, regardless of managerial level and gender, enabling employees to acquire holistic skills and competency to stay relevant and adapt effectively to changing job demands.
Community Impact and Partnerships Supporting SDGs: 4 QUALITY EDUCATION 5 GENDER EQUALITY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS	• Building goodwill in the community provides us with a strong social license to operate, strengthening our identity as a responsible Company. • Through working with like-minded partners, we have pioneered partnerships that create multiplier outreach and positive impact.	• Total's strong community impact investment strategy covers key themes including promoting environmental awareness and advocating best practices in sustainability, empowering youth, and caring for the less fortunate. • Our varied partnership programs allow the Company to raise awareness about climate change through the Total Foundation's pillars, and more specific the local Total Kenya's Eco-challenge program.


CLIMATE AMBITION
NET ZERO
BY 2050
CARBON PRICE
CCUS
TOTAL
BIO
BIOFUEL
LNG
NGV

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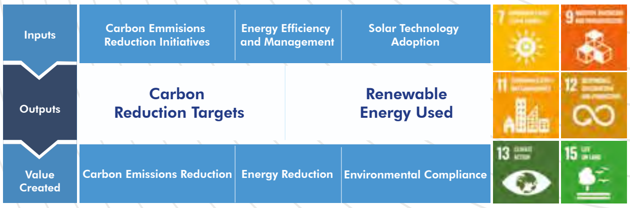
REDUCING ENVIRONMENTAL IMPACT: THE START OF OUR JOURNEY TO NET ZERO



Emissions from fossil fuel combustion and industrial processes accounts for some 70% of global energy-related carbon emissions. Total took a major step forward in 2020 in its response to the climate challenge by setting a new ambition to get to net zero emissions for its global business by 2050. In this way, the Group intends to contribute to the Paris Agreement's carbon neutrality objective for the second half of the century. To get there, the Group has defined a number of interim milestones beginning with reducing emissions from our operations (Scopes 1 and 2). Short- and medium-term targets have been defined between now and 2050 concerning both the carbon intensity indicators for energy products sold and the absolute value of Scope 3 emissions linked to products used by our customers. A key milestone is to have less than 40 million tonnes of greenhouse gas emissions on operated oil and gas facilities by 2025. Total is the first oil major to announce that emissions related to these products will decline in absolute value by 2030, thanks to changes in its energy product sales portfolio.

The global energy transition is also gaining momentum in East Africa driven by an increasingly enabling environment, innovative financing and fast-evolving energy technologies geared towards reducing carbon emissions. Our goal is to reduce carbon emissions and maximise energy efficiency, and increase sustainable use of resources. We are taking proactive steps to continuously review our targets against global standards and best practices. Energy efficiency and the reduction of our carbon footprint will remain our top priorities. Our goals of reducing carbon emissions and energy usage will be mapped out in sustainability blueprint, which we look forward to launching in 2021 - 2022.

In 2020, Total Kenya began conducting monthly assessments of our facilities to analyze the amount (in kgs) of Green House Gas (GHG) emissions for the month. The combined emissions released across all our 9 facilities and Head Office were 789,167 KgCO2e. This information is shared with staff as part of our employees' sensitization of Total's Net Zero ambitions and staff are also encouraged to take on energy saving intitiaves such as not leaving lights on and limiting travel.

Total Group has created a new business unit the Nature-Based Solutions (NBS) business unit with an annual budget of USD 100 million and targets sustainable storage capacity of 5 million metric tonnes (Mt CO2) per year by 2030.

Solar panels at the Total Kenya Service Station in Gigiri, Nairobi

Through Total Kenya's annual Eco Challenge initiative, which is currently being re-engineered, Total Kenya will be able to have an improved impact on carbon sinks. To further lower our carbon footprint, we continue to explore innovative carbon reduction initiatives and partnerships.

ENERGY REDUCTION AND MANAGEMENT STRATEGY

Electricity constitutes a significant proportion of our operational expenditure, and further impacts the total amount of carbon emissions released through our business activities. The Energy Act 2019, as implemented by The Energy and Petroleum Regulatory Authority (EPRA), requires that any person or organizations consuming more than 180,000 kilowatt hours (KWH) of electricity in a year should perform an energy audit. The energy audit must be done once every three years and the report submitted to EPRA followed by a commitment to implement 50% of the recommendations made in the audit report.

Total Kenya places great emphasis on improving our energy performance in a cost-effective manner to bring about reductions in carbon emissions and energy intensities. With this priority in mind, Total Kenya completed its first energy audit in 2019 and the recommendations from this audit continued to be implemented in 2020 including:

1. Changing Total Kenya's lighting system to the more efficient LEDs (light-emitting diodes) at the lubricants warehouse plants in Nairobi and Kisumu. The LED lights consume much less than the conventional lights previously used in the old warehouses. The conventional lights at the lubricants blending plant, assessment of annual energy consumption was 240,000 KWH in 2019. On the other hand, the consumption of LED lights was only 37,000 KWH in 2020. Therefore, 203,000 KWH of electricity was saved translating to 32 tonnes of carbon dioxide cut from the atmosphere.
2. Implementation of the variable speed drive to replace the fixed speed compressors that consumed 1,140,000 KWH of energy in previous years. The energy consumed in 2020 was 405,000 KWH thus saving 735,000 KWH, which translates to 118 tonnes of carbon dioxide cut from the atmosphere.
3. Installation of polycarbonate sheets for all warehouses leading to an annual energy saving of approximately 3.4MWhrs.

These campaigns on energy management including sensitization campaigns such as posters and regular meetings with stakeholders led to a cumulative savings on electricity of approximately 981MWHrs in 2020.

Accelerating Renewable Energy Solutions

Africa has an average of 10% more sunshine compared to the rest of the world – yet it represents less than 10% of the world's solar installations. Total recognizes this opportunity and aims to solarize approximately 2500 stations in Africa by end of 2022.

Total Kenya aims to promote energy that is more reliable, affordable and clean to as many people as possible. In 2020, through our affiliate SunPower, we installed a total of 3,390 solar panels in 107 service stations. This represents 69% of our network powering lights, pumps, fridges, air conditioning and coffee machines through solar energy and hence reducing reliance on the grid and constituting a 35% saving in energy consumed.

Further, this action reduces retail's carbon emissions by more than 50,000 tons annually. It also builds the skills of our local teams in the field of solar energy and thus contributes to better positioning of local labor to capitalize on a key natural resource.

The solarization of an additional 41 stations is planned for 2021. Our investments in Kenya mirror Total's global ambition to equip 5,000 stations worldwide with solar panels within five years in 57 countries. The solar capacity to be installed, at an investment cost of USD 300 million, is about 200 MW – equivalent to the amount of electricity used to power a city of 200,000 people and with electricity bill savings by USD 40 million annually and carbon emission reductions by 100,000 tons.

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In 2010, Total launched a global initiative dubbed the Total Access to Energy Solutions program to commercialize solar lamps and kits in 40 countries. To date, Total has supplied 3.8 million solar lamps and kits and improved the daily lives of 17.3 million people. In 2020, Total achieved the group target of 25GW of renewable energy capacity ahead of the 2025 deadline. We now have a new target of 35GW by 2025. In Kenya, the solar product distribution started in 2011 and as at 2020, we had distributed and sold 475,000 lamps which impacted 1,986,328 people's lives.

Energy Efficiency and Reduction in Emissions

Total's portfolio of products includes fuels and lubricants that help improve engine efficiency and reduce emissions. We believe that gains in fuel and vehicle efficiency are tremendously important in meeting our climate goals. The TOTAL ECOSOLUTIONS label applies the criteria on products or services that reduce carbon emissions. By 2020, nearly 100 Total products and services bore the TOTAL ECOSOLUTIONS label including excellium fuels and lubricants and Sun Power solar panels.

In Kenya, Total Excellium fuels stand apart for their selection of performance additives that have a specific function in ensuring excellent quality of air/ fuel mixing, engine power and therefore preserves the performance of the car's engine over its lifetime. This action contributes to a reduction in polluting emissions (particulates, carbon monoxide, unburnt hydrocarbons and Nitrogen oxide). Total lubricants are made from regenerated oil. New ranges of ECO2 were introduced in 2020. Examples include: Total HI-PERF which is easy to read, has less wastage and has an anti-counterfeit guarantee and TOTAL QUARTZ pack that is designed for easy pouring, easy handling, easy access to product information, has anti-counterfeit features & uses less plastic, making it better for the environment. The ECO2 range contributes to the circular economy as there are:

- 10 times less energy consumed
- 3 times less particles emitted
- -27% resources consumed
- 2 times less C02 emissions

Total Quartz new look

Furthermore, the reduction in fuel consumption directly results in equivalent reductions in C02 emissions. For example, studies show that use of Total excellium diesel concentrate enables a reduction in polluting emissions at the exhaust of a heavy-duty vehicle in the following ways: Carbon monoxide: -32%; Unburnt hydrocarbons: -55% and Nitrogen oxides: -21%.

Total Lubricants new look

SHAPING A FAIR, SAFE & INCLUSIVE WORKPLACE

Activities	External Engagement and Due Diligence	Best Practices and ESG Commitments	Corporate governance
	Corporate policies and guidelines	Whistle Blowing procedures	Fair competitive Remuneration
	Equal opportunity Recruitment Policy	Health Workplace Ecosystem	Diversity and Inclusion
	Employee Health and well-being programmes		Women Empowerment
Value Created	Future-ready workforce	Low Fatality	Employee Retention
	Gender Diversity	Low Injury Rate	Zero corruption/Fraud /Money Laundering

Upholding Total's business integrity and fair practices is closely interwoven with maintaining our stakeholders' high levels of trust and confidence in our ability to achieve long-term growth. As an organisation committed to a fair, safe, and inclusive workplace in which our people can establish and develop enriching careers, Total Kenya increases our human capital by building a sustainable and equitable future for our employees and for the Kenyan economy.

Corporate Governance

Total Kenya is listed on the Nairobi Securities Exchange and is committed to meeting the requirement stipulated in the Capital Markets Authority of Kenya's Code of Corporate Governance (2015). We also observe stringent corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of our financial results announcement. This demonstrates our commitment towards excellence in corporate governance.

The Board of Directors of Total Kenya is the primary custodian of the governance framework. The Company has 7 Directors comprising of 3 independent Directors. The Board has 3 key committees i.e. The Board Nomination and Remuneration Committee, Board Audit Committee and Board Risk and Governance Committee. The Board reviewed and validated the Total Kenya's Board Charter in 2020, taking into account the global organization of the Company. Some of the key inclusions made in the Charter are clearly documented procedures for nomination and appointment of directors which are published on the Company's website. The Charter also emphasizes the need for diversity and limits the number of directorship a member of the Board may hold in public companies to a maximum of 3 at any given time.

The Risk & Governance Committee is responsible for oversight of ethics and sustainability risks which are part of the Company's risk management process. An independent external party carries out assessment and monitoring of the Company's ethical commitment through compliance and governance audits and also internally through the Group Audit. The independence and competence of the auditors is ensured through the Board Audit Committee.

More information on our Board and governance can be found in the financial section of the main 2020 Annual Report.

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Corporate Policies and Guidelines

Total Kenya's corporate policy framework provides guiding principles on business conduct and ethics embraced by all employees, and establishes the Company's strategy for ensuring a sustainable business. To enhance our corporate transparency, the corporate policies and guidelines are made publicly available on our corporate website (www.total.co.ke) as well as on our staff intranet. The policies have been disseminated to the Company's business partners, where applicable.

BOARD POLICIES

- Board Charter

CORPORATE POLICIES

- Investor Relations Policy
- Whistle-Blowing Policy
- Anti-corruption, Fraud and Competition policies
- Conflict of Interest Policy
- Code of Conduct

SUSTAINABILITY POLICIES

- Environment, Health and Safety(EHS) policy
- Climate Change Directive
- Human Rights Policy

Business Ethics and Compliance

The Board and Senior Management remain steadfast in conducting business with integrity, consistent with the high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. In 2020, Total Kenya had no incident of non-compliance with socio-economic laws and regulations. There was also zero incidence of anti-competitive behavior or monopolistic practices within Total Kenya in 2020. Our business principles and practices regarding matters that may have ethical implications are embedded in an internal Code of Conduct. The Total Kenya Code of Conduct provides a clear framework for staff to observe Total's principles such as honesty, integrity, responsibility and accountability at all levels of the Company and in the conduct of Total's business in its dealings with customers, suppliers and colleagues. It is published on our Intranet and easily accessible by all employees.

The Code provides guidance on issues such as:

- Conflicts of interest and the appropriate disclosures to be made.
- Total Kenya's stance against corruption and bribery.
- Compliance with applicable laws and regulations, including those relating to the protection of the environment and the conservation of energy and natural resources.
- Compliance with Total's policies and procedures, including those on internal controls and accounting.
- Competition and fair dealing in the conduct of Total's business, in our relationships with customers, suppliers, competitors and employees.

Anti-Bribery and Corruption

Total Kenya operates in an environment where bribery and corruption present a high risk. Our Company-wide anti-bribery and corruption policy and procedures include measures and guidance to assess risks, understand relevant laws and report concerns. We strive to promote local content in all our counties and select service providers who comply with our safety, health, environment, ethics and quality policies. All our purchases in Kenya and abroad comply with our Fundamental Corporate Responsibility Principles for Purchasing. In 2020, about 80% of our purchases were executed locally (with 83% turnover share) and only 11% foreign (including affiliates). In addition, we conduct due diligence reports for our suppliers every 3 years and bi-annually for those engaged with public entities. Supply mainly covers Transport (fuel, LPG, lubricants) and Contractors (mechanical, electrical, construction etc). The Covid-19 pandemic diminished our regular consultation process but nevertheless we held our key contractor seminar with over 100 of our partners attending remotely. We also conduct due diligence reviews for suppliers when contracts are in place. We take corrective action with suppliers and service providers who fail to meet our expectations, although there were zero incidences of non-compliance in 2020.

Whistle-blowing Procedure

Our employees and business partners can seek advice and raise concerns in confidence about possible improprieties to the Total Kenya Ethics Officer through a dedicated email account regarding violation of business ethics, serious breaches of corporate policies, fraud, corruption, collusion with suppliers/contractors, and & conflicts of interest. We encourage our employees, customers, distributors, suppliers and contractors to report cases of unethical behaviour including corruption, bribery, fraud, theft or non-compliance with laws using our dedicated and confidential email addresses: ethics@total.com & ethics@total.co.ke. The reporting channels are published on our corporate website and staff intranet for easy access.

Employee Training and Communication

Annually, 100% of our full- and part-time employees are required to complete a compulsory online declaration to acknowledge that they are aware of, have read, and are compliant with Total Kenya's corporate policies and guidelines. Available anytime, awareness bulletins are published on Total Kenya's intranet for a quick refresher on key elements of Total's stance against corruption.

We train our employees on how to apply the Code of Conduct in their daily work. Each new employee receives a copy and references are made to the code in various forums. Specific trainings related to the Code are conducted annually or bi-annually. In 2020, employees were trained on the following:

I. Anti-Corruption and Anti-Trust

II. Fraud Awareness

III. Competition Law

IV. Delegation of Authority

2020 was the 6th time that Total Kenya observed the International Business Ethics Day on 10 December 2020. The theme for the 2020 Business Ethics Day was SPEAK UP! Close to 30 employees were logged in at any one time during the 3 days of online activities which included case studies, quizzes and presentations by site Managers or the Compliance Officer. The event highlight was logging in to listen to Total Group's Chairman and CEO, Patrick Pouyanné during the Business Ethics Day Live Chat. The case studies and quizzes were designed to help employees to:

- Discuss topics around business ethics;
- Report any points of concern they encounter in their day-to-day operations;
- Share best practices;
- Increase team awareness and trust by illustrating the benefits of speaking up.

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Employee Health, Safety and Well-Being

At Total, we deploy a rigorous, structured operational approach to the health and safety of our employees. This approach involves identifying risks, taking preventive action and monitoring on a regular basis. For us, safety is more than just a priority: it is a core value. We facilitate our strong safety culture by:

I. Encouraging everyone to speak up and care;

II. Risk Management and focusing on the systematic and disciplined application of our processes;

III. Training and a commitment to continuous performance improvement.

Health, Safety, Environment and Quality (HSEQ) Risk Management

Total Kenya conducts hazard identification, risk assessment and risk control exercises in line with ISO 9001:2015 management system requirements and local legislation. As part of our risk management process, the trained HSEQ Steering Committee is tasked to lead these exercises within their department for routine and non-routine activities, and also conducts cross-departmental reviews occasionally. In consultation with the relevant departments, the members recommend risk mitigation methods that commensurate with a hierarchy of controls for identified hazards. As employees who conduct site visits and inspections are exposed to slip, trip and fall hazards, we strive to improve our safety and precautionary measures by adopting industry best practices.

Total Kenya's Health, Safety, Environment and Quality compliance covers all our sites such as the storage depots (Mombasa, Nairobi, and Kisumu), service stations and our front offices in Nairobi, Eldoret and Kisumu. In 2020, we achieved full compliance across our operations with 94.4% validity rate. Our Total Reportable Injury Rate (TRIR) is on a solid 0.28 with only one incident (transport). Only three safety alerts were issued which is reflective of the quieter business environment amidst the pandemic.

Apart from the periodic reviews, any organizational changes, occurrence of incidents or employee feedback would trigger ad-hoc reviews of our risk controls. Total Kenya implements an established incident investigation and reporting procedure to promptly respond to health and safety incidents. On fire safety, the Occupational Safety and Health Act (OSHA), safety and health risk assessments Total Kenya complied by 100% and across 285 valid license and statutory requirements reached a compliance level by end of 2020 of 97%. Our employees in the four depots conducted regular drills such as 60 simulation exercises and we reached 50% of our target events, reflecting the pandemic impact. Health and Safety Executive trainings were done for our station employees, ie. six offloading training sessions and 2 worksite safety trainings.

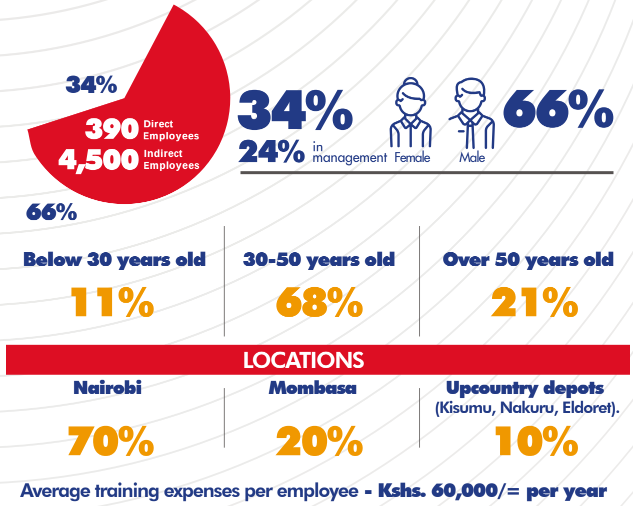
Human Capital and Development

Our approach of developing, engaging and caring for employees is designed to ensure Total Kenya is committed to drive productivity, employee satisfaction and talent retention for organisational excellence. We have proactive HR policies and practices dedicated to the creation of a nurturing and positive workplace. Beyond providing jobs and caring for our direct employees through comprehensive benefits schemes, we also invest significantly in training and upgrading employees to equip them with relevant skills for the future. Unless specified, the scope for this section on human capital and development covers Total Kenya Head Office only.

Our Employees

Our people are our biggest asset, so we are creating an environment where everyone feels valued and able to contribute their unique skills and perspectives. In 2020, Total Kenya had over 390 direct employees and over 4,500 indirect employees. Our direct employees are made up of 34% women, 66% men and these are largely mid-career graduate professionals. 11% are under 30 years old and only 21% above 50 years old. Most of our work force is based in Nairobi, with 20% in Mombasa and 10% in our upcountry depots (Kisumu, Nakuru, Eldoret).

EMPLOYEE DEMOGRAPHICS - TOTAL EMPLOYMENT



Fair and Competitive Remuneration

Fair and competitive remuneration attracts and retains talents to build strong human and organizational capital that enable Total Kenya's business growth. Aligned with internal parity and market benchmarks, our equitable remuneration packages are based on employees' performance and their scope of work. We use a well-structured and open annual performance appraisal system, which is reviewed periodically and enhanced to encourage two-way feedback between employees and their reporting officers.

Performance-based Appraisal

As a Company committed to meritocracy, Total Kenya's compensation and rewards policies are performance-based. Employees are assessed not only on what they achieved during the year of review, but also on how the outcomes were achieved.

Benefits and Welfare

We care for our employees through comprehensive welfare and benefits schemes, including but not limited to insurance coverage, medical, and dental benefits. Part-time employees also enjoy similar benefits on either a full or pro-rated basis, thereby promoting a conducive environment should employees decide to take on part-time arrangements to cope with their personal needs.

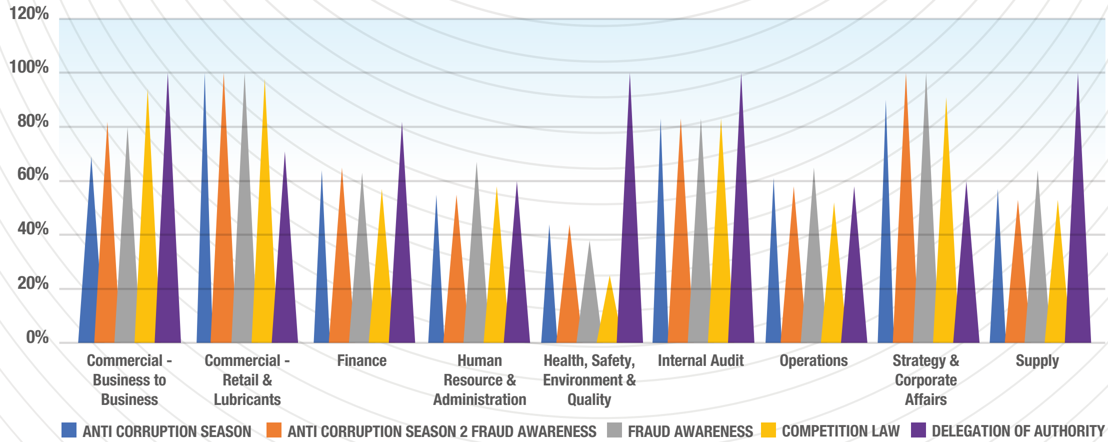
Pro-family Benefits

Total Kenya provides benefits and adopts welfare practices in line with the Kenya Government's pro-family legislation. Mothers and fathers enjoy paid maternity leave of 12 weeks and paid paternity leave of two weeks respectively, as advocated by the Kenya Government.

Our employees and their spouses also have access to annual medical wellness checks and we mark our wellness week every year in October whereby we run the medical check clinics at all our depots and head office. The medical check covers the full array of tests including screening for lifestyle illnesses, cancer screening, and optical, dental and nutritional advice. In addition we have health talks on key wellness topics by wellness experts. We also marked World Aids Day in December during which we provided VCT services to our staff and the community around us.

SUSTAINABILITY REPORT

STATUS OF COMPLIANCE TRAININGS (% of target population)



Pension Scheme and Contributions

In Kenya, the National Social Security Fund (NSSF) is a comprehensive social security savings plan introduced by the government to enforce savings by salaried workers, for a more secure retirement. Under the NSSF scheme, Total Kenya and our staff make monthly contributions to the staff's NSSF account in accordance with Kenya's statutory requirement.

Training and Development

Raising our employees' learning and development capacity yields a capable and more agile workforce. We also carry out annual training needs analysis to ensure there are adequate training interventions to level-up competencies and professional knowledge. It is mandatory for all new employees to attend the Total Kenya on-boarding program, which aims to induct and integrate new hires into the organizational culture.

Training Hours and Investments

In 2020, we achieved a total of 1341 training days, an average of 3.35 training days per person. We trained staff on the areas of:

1. Safety: Golden rules training.
2. Management development training: Coaching skills for Managers.
3. Compliance: anti-corruption and anti-fraud training.
4. Functional online trainings on Lubricants.
5. Cross functional trainings.

Talent Retention

Talent management is a key commitment and reflected in our mentorship program to advance career paths and we continuously strive to support female talent. The 2020 intake of trainees was predominantly female who impress us with their performance. We strive to be an attractive employer by offering personal and career development through training, managing competencies, assessing performance, implementing return on experience, providing information and building a consensus.

CREATING SHARED ECONOMIC AND SOCIAL VALUE

ECONOMIC PERFORMANCE

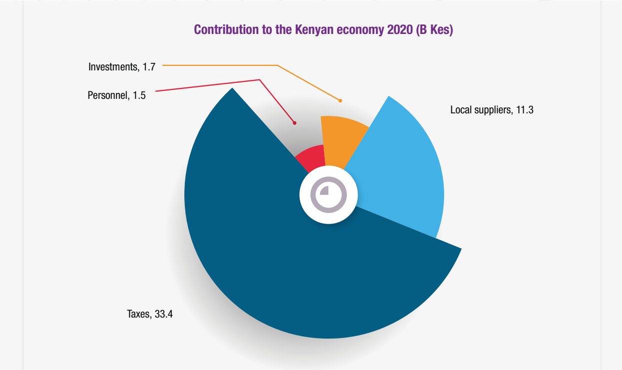
Total Kenya net profit increased by 30% to KShs 3,297 million (2019: 2,535 million). This is an increase compared to the KShs 2.535 billion that the Company posted in 2019. Our financial performance was due to the effective action plans put in place by the Board and Management from the start of the coronavirus pandemic. Other income increased to KShs 1.903 billion, compared to KShs 1.496 billion in 2019. This increase mainly resulted from the continued investments in Shop, Food and Services (SFS), rental income from partnerships with third parties and sundry income coming from VAT relief received in the year. Operating expenses have been controlled at the same level as 2019. Net finance income of KShs 86 million resulted from positive cash position in Kenya shillings emanating from better working capital management. The foreign exchange loss increased to KShs 144 million compared to KShs 106 million in 2019. The loss is attributable to the valuation of liabilities in foreign currency impacted by the depreciation of the Shilling against the US Dollar in 2020. Our priority is to generate a level of cashflows that allow us to continue to invest in profitable projects, to preserve an attractive shareholder return and maintain a strong balance sheet as we mitigate the challenges caused by the impacts of the Covid-19 pandemic.

More financial information is available in the rest of the annual report.

We create value for society in many different ways: through our products and services, as an employer and taxpayer, and as a supply chain participant or investor in local communities. The total economic value created was close to KShs 50bn. This can be broken down as follows:

1. Suppliers Sourcing i.e., procurement of goods and services from local suppliers in 2020 worth a total of KShs 11.3bn
2. Employees i.e. Providing employment paying KShs 1.5bn in salaries and wages
3. Government by contributing to the economy through KShs 33.4bn in taxes
4. Communities i.e. supporting additional initiatives to benefit the communities where we operate through donations worth KShs 1.7bn

SUSTAINABILITY REPORT



COMMUNITY INVESTMENTS

Multiplying Positive Impact through Collaborations

We routinely analyze the environmental, community impact of our operations and products and are constantly innovating and looking for new ways to undertake business that reduces our environmental footprint. The COVID-19 pandemic forced us to delay our long-standing support to sports such as marathons and events We suspended activities on social gatherings with respect to COVID-19 based protocols. Total Kenya actively gives back to society and strives to build a cohesive, caring and vibrant community. As an industry leader and strong sustainability advocate, Total Kenya is committed to making a difference in society by providing continuous support and amplifying positive impact through our outreach programmes in these key areas:

- Road Safety
- Product Safety
- Supplier Engagements
- Social Engagements
- Environmental Engagements

Total Kenya exercises due diligence in evaluating every request for donation, sponsorship or partnership. We assess the track record, quality of management, and organisational governance of charities and community partners via various channels, which includes their annual reports, websites and social media platforms. For accountability, all charities and community partners are encouraged to report on the social and environmental impact of their programmes, as well as the use of funds and resources.

Road Safety

Road transportation and shipping safety are an absolute priority, especially when hazardous materials are involved. Appropriate measures, technical and organizational tools are implemented to manage transportation-related risks. They include:

- The PATROM program to improve road transportation overseas.
- The Transportation Management System.
- The General Guidelines for Driving Light Vehicles for Africa and the Middle East.
- Ship and barge vetting.
- Routine inspection of maritime terminals in line with the Oil Companies International Marine Forum's (OCIMF) international standard.

In 2011, a non-governmental organization, Safe Way Right Way (SWRW) was formed by Total and the World Bank; Global Road Safety Facility (GRSF) in response to the UN Decade of Action (Safe Systems Approach). SWRW mobilizes private sector and other actors in promoting road safety on the Northern Corridor in Kenya. Safe Way Right Way embarked on training 200 motorcycle riders on major high risk roads in Nairobi. This training is in response to the rapid increase in fatalities among motorcyclists (riders and pillion passengers) who are now the most at risk road users in Kenya. In 2020, 1,575 motorcycle (BodaBoda) riders and pillion passengers died from road traffic crashes, representing 39% of all road traffic fatalities. 95 riders passed the NTSA test and will acquire driving licenses. Motorcyclists are vulnerable road users who need to be trained to enable them to know and adopt safer road user practices. The training content covers the mandatory government curriculum as well as sessions with the traffic police and road crash victims. The objectives of the training are: to improve the riders' perception and avoidance of risk on the road and to train, test riders to enable them acquire driving licenses and comply with the law. Safe Way Right Way is seeking partnerships to expand this program and include aspects such as insurance.

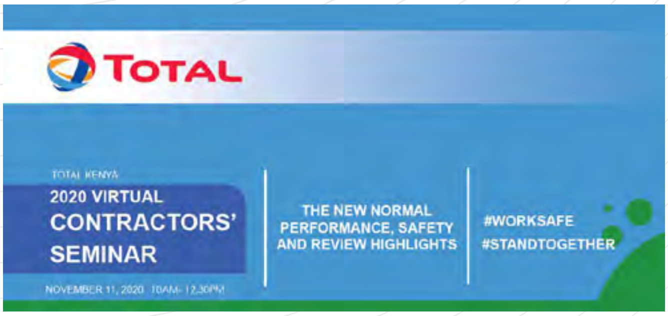
In 2020, we also commemorated the World Day of Remembrance (WDR2020) for Road Traffic Victims. The event was held virtually on 16 November and hosted by National Transport and Safety Authority (NTSA). The training of motorcyclists was a pre-event activity for WDR2020.

Product Safety

Total Kenya has been a founder member of Petroleum Institute of East Africa (PIEA) and is also a founder member of the Oil Spill Mutual Aid Group Society (OSMAG). We are also the current Secretariat for OSMAG since November 2016. Total Kenya in conjunction with OSMAG and the Kenya Ports Authority spearhead the annual marine oil spill emergency response training and drill exercise for the industry held in November every year.

We further engage all our station dealers, major contractors and suppliers on the annual World Day for Safety (WDFS) which was held virtually on the 30th of April 2020. Such practices strengthen bonds at all levels between Total Kenya and our main local contractors in order to reinforce shared vigilance for fatal hazards. In 2020, 19 out of 27, (70%) critical service providers were vetted for compliance despite the necessity to cancel all in-person seminars. All our quarterly driver recognition awards on safety were also conducted amidst pandemic-related adjustments.

Supplier Engagements



We hold sessions with suppliers and contractors to raise awareness on Total's compliance program and Code of Conduct that guide how we do business. We held a virtual contractors' seminar in November 2020 with 86 participants to review our shared expectations. Topics discussed included anti-bribery and corruption, conflict of interest scenarios and grievance processes. We also explained our expectations regarding the gifts and hospitality Company rule.

Social Engagement

Employee Volunteering – The Action! Program

Total Kenya engages stakeholders through active employee volunteerism to complement our community investment and deliver more meaningful impact. Volunteering is an opportunity for our employees to develop their leadership and soft skills. It also promotes a caring work environment by cultivating employees' sense of identity and belonging to Total Kenya. The Action! Program is a Total foundation's initiated program where Total employees can get up to 3 days off to take part in a pre-vetted CSR initiatives at individual level. The 3 days are not deducted from the respective volunteering employee's annual leave days. The CSR initiative can be in lending a hand, mentorship or applying a skill. We currently have 16 staff taking part in an online mentorship program for youth at SOS Children's Villages where we continue to support 4 homes with a budget of KShs 1.8 million.

SUSTAINABILITY REPORT

Startupper Challenge Program

Gilbert, the Startup for Better Energy Winner

In the last edition of the Startupper of the Year Challenge, in 2019, Safariwiz Mobility Solutions entered by Gilbert Nakiboli Walioba, won the 'Startup for Better Energy' special category.

SafariWiz Mobility Solutions operates a GPS based Mobile App that allows road users to alert each other of route hazards and request emergency services in real-time at a click of a button. In 2020, Total Kenya supported Safariwiz in refining the business offer through feedback sessions with a team from Total Kenya and gave a financial boost of KShs 500,000 to enable the startup develop the business further.

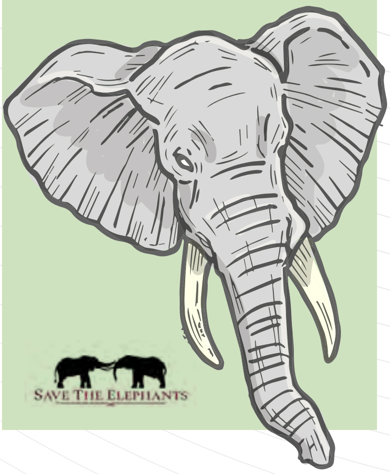
Total Kenya Young Dealer Program

We provide young Kenyans with capital while they gain the experience and learn the independence they need to run their own service stations. Often service station staff members who show promise are chosen for this programme. Their business skills are developed through various training programs with the aim of making them independent dealers over time, through disciplined savings of part of their profits towards building their working capital. In 2020, our young dealer program had 32 applications. Of these, 28 were male and 4 were female applicants.

Partnerships related to Solar Lanterns sales

Total Kenya formed new partnerships with NGOs such as the Norwegian Refugee Council and others to place our solar products with wholesalers inside Kakuma refugee camp. Together with the Mastercard Foundation, we provided skills training on stock monitoring, sales skills and product knowledge. Five wholesalers got one starter pack with a mix of products worth USD 1,000 each. This is a pilot initiative and has so far sold 400 units. We aim to build on this innovative collaboration and commercialize taking in the valuable lessons learned. In addition to this partnership, we also had spot sales to: Non-governmental organizations, such as the association "Save the Elephants", International Red Cross, SOS Children's villages and other initiatives.

Total donated its Family Sunshine lamps to "Save the Elephants" to allow young people who serve as elephants protection ambassadors in the Samburu community in Northern Kenya to study in the evening during the COVID-19 school closures. Augostino Lemaramba, a 17 year old "Elephant scholar" received a solar lamp and is grateful for this much needed opportunity to continue his self-study.



Environmental Engagement

Total EcoChallenge program

The Total EcoChallenge is a public education and awareness campaign that promotes the preservation of indigenous forests, and champions the idea of "one person, one event, one tree", encouraging all Kenyans to commemorate every important moment in their lives by planting a tree. The program is currently under re-engineering. In 2020 our teams visited Presbyterian High School Pwani in Mariakani. The School had only one tree but with the support of the program, it now has about 10,000 trees. An additional tree was planted to commemorate the visit.

Total also visited Cyrus Mazeras, a 2014 Total Eco Challenge winner. He has a nursery with bamboo trees at his home in Mombasa and two tree sites including a biomass factory that makes briquettes in Kilifi. The site has about 10,000 trees. Trees at the sites are Eucalyptus planted in 2012, Casuarina and a variety of Bamboo species planted in 2020.

Total Kenya, together with representatives from Kenya Water Towers & Kenya Forest Services, inspected a site where Total Kenya planted 5,000 seedlings in January 2020. The key challenge noted was most seedlings were being choked by the aggressive grass/weeds.

SUSTAINABILITY REPORT

Total Kenya was allocated a 100 hectares site at the Mau Forest by the Kenya Water Towers Agency for rehabilitation.

Waste Management and Valorisation

The environmental, community impact of our operations and products are routinely analyzed and solutions sought to manage risks and mitigate impact. Our initiatives focus on four main areas:

- Managing waste and performing life cycle assessments.
- Promoting new energies, energy efficiency and local economic development.
- Protecting soil and water.
- Reclaiming sites.

Waste management regulations for service stations include separation and hand-over/disposal of NEMA licensed operators. The initiative by the Petroleum Institute of East Africa (PIEA) assigned M/s Geocycle Limited, an affiliate of Bamburi Cement Company (Lafarge) and a NEMA approved hazardous waste handler and disposal agent to collect the used oil from members facilities and delivers it to the Bamburi Cement Factories where it is disposed via high temperature incineration in cement kilns. The total quantity of used oil collected from Total Kenya facilities via the SWOD process in 2020 was 115,945 litres. Total Kenya supports expansion and increased uptake of this innovative circular economy approach across all service stations.

All Total Kenya service stations that provide car wash services are fitted with an interceptor (oil and water separator) for primary treatment of the water prior to disposal. The treated wastewater (effluent) is discharged either directly to the environment or to the county sewer system and all service stations obtain an Effluent Discharge License from NEMA prior to disposal of the wastewater as required. Quarterly sampling and analysis is conducted via a NEMA licensed environmental firm of experts in line with the requirements of the Environmental Management and Coordination (Water Quality) Regulations, 2006. The results of the sampling vary on a site-by-site basis. 100% compliance is expected at all sites in each round of sampling and in the event a particular site does not fully meet the parameters for one reason or another, applicable corrective actions are executed by our Engineering and Network teams.

At Total Kenya, our major facilities consist of two fuel depots, two aviation depots, two LPG Plants, one Lubricants Blending Plant, two lubes warehouses and the Head Office in Nairobi. The hazardous waste collected across these sites in 2020 were 230 tonnes and non-hazardous waste filled 57 tonnes. All waste is collected by NEMA-licensed waste collectors for safe disposal.

SUSTAINABILITY REPORT

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TOTAL
MOMBASA ROAD
TOTAL
excellium PETROL
excellium DIESEL
excellium
TOTAL CARD
VISA
bonjour
MUGG & BEAN
ON THE MOVE
TOTAL
QUARTZ
auto service

CHAIRMAN'S STATEMENT

MR JEAN-PHILIPPE TORRES
Chairman of the Board

It is my great pleasure to welcome you distinguished shareholders to the 67th Annual General Meeting of Total Kenya Plc and to present to you the Annual Report and Financial Statements for the Company for the year ended 31st December 2020.

I would like to begin by welcoming Mr. Maurice Odhiambo K'Anjejo and Mr. Paul-Henri Assier de Pompignan who succeeded Dr. Joe Muchekehu and Mrs Séverine Julien respectively as non-executive directors. I would also like to thank Dr. Muchekehu and Mrs Julien for their unwavering service to the Company.

Distinguished Shareholders, we are in unprecedented times, the Covid-19 pandemic remains uncertain and unpredictable and making it difficult to hold huge physical meeting to review the activities and the performance of your Company. Thank you, Shareholders, for attending the Annual General Meeting virtually.

Your Company remains resilient and innovative in this exceptional environment and continues to provide sustainable solutions to the needs of our customers always bearing in mind our core values of Safety, Respect for each other, Pioneer spirit, Stand together and Performance-minded.

The Company has maintained a return-to-office on a phased-out approach guided by our Business Continuity Plan. Management has also ensured that all its sites observe the safety guidelines issued by the Ministry of Health. In addition, your Company has followed up closely the treatment and support to any impacted staff and their families. The Company sought the services of a health consultant to provide support and advice on Covid-19 to the staff.

The pandemic has continued to impact the world economic growth with Kenya's GDP estimated to have contracted by 1% in 2020 compared to a growth of 5.4% in 2019 according to the World Bank. To mitigate the COVID-19 pandemic impacts to its citizens during the year, the Government of Kenya introduced fiscal and monetary measures to provide relief to the economy through reduced VAT, and lowered income tax rates for both corporate and individuals PAYE (Pay-As-You-Earn). These measures were in place from April to December 2020.

The recovery of the economy in 2021 is dependent on the results of the containment measures and protocols enforced by the Government and the availability of Covid-19 vaccines for the targeted population.

Petroleum Environment

The Oil Industry experienced a sharp drop in oil prices from mid-March 2020 with a significant impact on the value of inventories. The recovery in economic activities in the third and fourth quarters contributed positively to the performance of your Company.

The Finance Act, 2020 introduced Minimum Tax at a rate of 1% of turnover to be effective from 1st January 2021. However, the industry through the Petroleum Institute of East Africa (PIEA) managed to advocate for the review of the law as from December 2020 exempting companies dealing in products whose retail price is regulated by Government, effectively exempting all Oil Marketing Companies and dealers in the Petroleum chain and insurance

CHAIRMAN'S STATEMENT

companies.

The National Assembly Committee on Delegated Legislation equally approved the Petroleum Development Levy Order, 2020 (Legal Notice No. 124 of 2020) on 18th March 2021. The regulations now give the Petroleum Cabinet Secretary powers to reduce prices of fuels and cushion consumers from sharp spikes in the cost of the product when crude oil crosses USD50 per barrel.

As part of operationalizing the Petroleum Act, significant progress was made in revising and developing new regulations culminating in the gazettement and publishing of eleven Petroleum Regulations on mid- and downstream on 31st December 2020 for public review and comments. The eleven regulations cover various areas including pricing, retail station construction, importation of petroleum products and strategic stocks. The industry through the Petroleum Institute of East Africa (PIEA) held fruitful engagements with the Energy and Petroleum Regulatory Authority (EPRA) over these new and revised regulations, which are expected to improve the operating environment.

Distinguished Shareholders, as highlighted in the report of the external auditor Ernst & Young, the Key Audit Matter on the recovery of fuel inventories at the Kenya Petroleum Refinery (KPRL) remains pending as at year end 2020. The recovery of these inventories has been and is still a matter of discussion between the industry through PIEA, KPRL, the Ministry of Petroleum and Mining (MoPM) and EPRA. Consultations between the State Department for Petroleum under MoPM, EPRA, and the Attorney General are ongoing. We remain optimistic of recovering our inventories' worth.

Economic Environment

The year 2020 will undoubtedly go down in history as an extremely challenging year with the emergence of Covid-19 pandemic and continuous resurgence in infections and fatalities in many countries worldwide. In Kenya, the leading economic indicators for the third & fourth quarter pointed to a strong recovery in economic activity from disruptions witnessed in the second quarter of 2020. This recovery was supported mainly by increased activities in various sectors of the economy, easing of Covid-19 restrictions, normalization of exports and Government interventions to mitigate the impact of the pandemic.

Kenya's forecasted economic outlook for 2021 pointed to a strong rebound with an expected growth rate of 6.9%. The optimism of recovery is supported by an expected stable macroeconomic environment, ongoing investments in strategic priorities of Government under "BIG 4" Agenda and turnaround in trade as economies recover from the pandemic reinforced by Covid-19 vaccinations. This forecast however remains uncertain due to the emergence of new waves and variants of the virus and the reintroduction of containment measures in some economies.

Performance

The Company realized outstanding results and positive cashflows, demonstrating its resilience to the unprecedented difficult and challenging environment with a profit after tax of KShs 3,297 million (2019: KShs 2,535 million). This performance resulted from the effective action plans put in place by the Board and Management from the start of the pandemic. These included optimization of fuel stocks, diversification of revenues and prudent management of operating expenses.

During the year under review, the Company's statement of financial position remained strong with assets of KShs 42.99 billion (2019: KShs 37.56 billion). The Company invested KShs 1,720 million (2019: KShs 2,010 million) in line with the business strategy to enhance safety standards in our operations and continue to develop profitable business lines.

Sustainability and Corporate Social Responsibility

Distinguished Shareholders, this is the third year to present to you Total Kenya's Sustainability Report, which is found within this annual report. This is a transparent and voluntary disclosure of the Company's economic, social, governance and environmental performance. It encapsulates Total Kenya's commitment and pro-active action in contributing meaningfully to the country's sustainable and inclusive development in line with the Sustainable Development Goals (SDGs) adopted by all United Nations member States in 2015. Total Kenya's sustainability initiatives also support the global community's efforts in building a secure future for generations to come.

The Company is committed to the sustainable development goals and to the environment, focusing on maximizing its positive impacts and mitigating the negative impacts through the continued alignment with its goals to the needs of the future generation.

Globally, Total took a major step forward in 2020 in its response to the climate challenge by communicating its ambition to get to Net Zero emissions for its global business by 2050 together with society. The three major steps to get Total to Net Zero include:

- Net Zero across Total's worldwide operations by 2050 or sooner
- Net Zero across all production and energy products used by customers in Europe by 2050 or sooner
- 60% or more reduction in the average carbon intensity of energy products used worldwide by Total customers by 2050

To support these ambitions, Total Kenya is making steady progress towards integrating sustainability into our operations. Our Company is convinced that the strategic integration of sustainability reporting presents a strong business case and will establish a unique value proposition for Total Kenya, strengthening our reputation and trust amongst stakeholders and the community at large.

Affordable and Clean Energy: The Company is geared towards ensuring clean and accessible energy. This is being achieved through the distribution and sale of affordable solar lanterns in all its service stations countrywide. The Company endeavors to deliver quality and safe Liquified Petroleum Gas to its customers and Excellium fuels that protect the engine and environment at no additional cost to consumers.

Decent Work and Economic Growth: The Company is actively involved in various educational and mentorship programmes with

CHAIRMAN'S STATEMENT

the aim of enriching young people's talents. This is achieved through the Young Graduate Trainee Program, Youth Arcade, the Total Summer School, Total Career Days and other Staff Mentorship initiatives.

Your Company is a key promoter in the Total "Start upper" of the year challenge, yet another vibrant entrepreneurship initiative that was launched by the Group towards the end of 2015 to identify and motivate young people with innovative ideas for business development. The second challenge was held in the 4th quarter of 2018 and first quarter of 2019.The Finalists and winners of these two editions were coached and mentored with the aim of ensuring that their innovative businesses grow and eventually create opportunities towards the development of the economy.

Social programmes: The Company is a major partner and contributor to Safe Way Right Way (SWRW), an NGO promoting road safety along the Northern Corridor. The organization champions road safety advocacy among the public and key stakeholders including motorists, motorcyclists, and pedestrians.

Covid-19 Support: As part of standing together with the community, the Company produced over 450 thousand litres of sanitisers for the benefit of the public. The government provided raw materials while Total Kenya provided its expertise, labour, facilities, production equipment, packaging materials and storage space for the initiative.

In addition, your Company donated Fuel cards worth 3.5 million Kenya shillings towards supporting 199 frontline healthcare workers and fuelling of 27 staff buses and ambulances from three hospitals in Nairobi namely the Kenyatta National Hospital (KNH), Mbagathi Hospital and Kenyatta University Teaching and Referral Hospital (KUTRH).

Outlook for 2021

The current global trends point to an uncertain future against a backdrop of the continuing Covid-19 pandemic. We however remain optimistic in the Government's containment measures to mitigate the spread and impact of the pandemic to spur economic growth.

Notable progress has been made on key industry infrastructure projects such as relocation of the Kipevu Oil Terminal jetty in Mombasa. This project is being undertaken by the Kenya Ports Authority and is at an advanced stage with completion scheduled for December 2021. The industry is anticipating a significant improvement in the supply of petroleum products and reduction of demurrage costs upon completion of the project.

The Board remains steadfast to tap into new business opportunities and will continue to support Management in delivering on our strategies for increasing long-term value for our shareholders. The Board will provide the unwavering support to Management as they adjust business plans to reflect changes in customer needs in response to Covid-19 pandemic and I have no doubt that we will continue to increase the business earnings potential in 2021.

Dividends

The Board is pleased to recommend at this Annual General Meeting, your approval for the payment of a first and final dividend of KShs 1.57 per share compared to KShs 1.30 per share, an increase of 21%. Dividend will be payable to shareholders on the register of members at the close of business on 25th June 2021, subject to withholding tax where applicable.

Acknowledgements

As a Board, we appreciate the commitment and dedication of Management in responding to the current global crisis by ensuring business continuity. I would like to recognise the efforts of all those employees who have remained so committed to delivering an outstanding service to our customers and stakeholders over the past year.

I would also like to thank the Government for the timely actions in ensuring stability of the Kenyan economy and regulations geared towards a conducive business environment.

I appreciate our customers, dealers, transporters and other key stakeholders for their continued support for our mutual benefits.

To you Shareholders, I thank you for the confidence you have demonstrated by choosing to invest in Total Kenya Plc.

Finally, I wish to thank the Board of Directors for their dedication and support that has helped your Company to remain a major player in our economy.

Jean-Philippe TORRES

Chairman of the Board

TAARIFA YA MWENYEKITI

MR. JEAN-PHILIPPE TORRES
Mwenyekiti

Ni furaha yangu kuwakaribisha Wanahisa wapendwa kwenye Mkutano Mkuu wa 67 wa Total Kenya Plc na kuwasilisha kwenu ripoti ya kila mwaka na Taarifa ya Kifedha ya Kampuni ya mwaka uliomalizika tarehe 31 Desemba 2020.

Ningependa kuanza kwa kuwakaribisha Bwana Maurice Odhiambo K'Anjejo na Bwana Paul-Henri Assier-de Pompignan ambao walichukua nafasi za Dr.Joe Muchekehu na Bi Séverine Julien kama wakurugenzi wasiokuwa watendaji. Ningependa pia kumshukuru Dr. Muchekehu na Bi Julien kwa huduma yao kwa Kampuni.

Wanahisa wapendwa, tuko katika nyakati ambazo hazijawahi kutokea. Janga la Corona au Covid-19 bado halijabainika, halitabiriki na linafanya iwe vigumu kufanya mkutano mkubwa ambao ungetuleta sote pamoja ili kukagua shughuli na utendaji wa Kampuni yenu. Wanahisa, tunasema asante kwa kuhudhuria Mkutano huu Mkuu wa Mwaka kwenye mtandao.

Kampuni yenu iko imara na imeweka mikakati ya ubunifu katika mazingira haya ya kipekee na inaendelea kutoa suluhisho endelevu kwa mahitaji ya wateja wetu kila wakati tukizingatia maadili yetu ya kimsingi ya Usalama, Kuheshimiana, Ubunifu, Ushirikiano na Utendaji wa kazi bora.

Kampuni hii imedumisha kurudi ofisini kwa njia iliyotengwa inayoongozwa na mpango wetu wa kuendelea kwa biashara. Usimamizi pia umehakikisha kuwa tunazingatia miongozo ya usalama iliyotolewa na Wizara ya Afya. Kampuni hii imefuatilia kwa karibu matibabu na msaada kwa wafanyikazi wote walioathirika na familia zao. Kampuni pia ilitafuta huduma za mshauri wa afya kutoa ushauri juu ya Covid-19 kwa wafanyikazi.

Janga hili limeendelea kuathiri ukuaji wa uchumi duniani na Pato la Taifa la Kenya (GDP) linalotarajiwa kupungua kwa takribani asilimia 1% mwaka wa 2020 ikilinganishwa na ukuaji wa asilimia 5.4% mnamo mwaka wa 2019 kulingana na Benki ya Dunia. Ili kupunguza athari za janga la COVID-19 kwa raia wake, Serikali ya Kenya ilianzisha hatua za kifedha ili kutoa unafuu kwa uchumi kupitia kupunguza ushuru wa VAT, na kupunguza viwango vya ushuru unaotozwa waajiriwa yaani PAYE (Pay-As-You-Earn). Hatua hizi zilikuwepo kutoka Aprili hadi Desemba 2020.

Kurejeshwa kwa uchumi mwaka wa 2021 kutategemea matokeo ya hatua za kuzuia itifaki zinazotekelezwa na Serikali na kupatikana kwa chanjo ya Covid-19.

Mazingira ya Petroli

Bei ya mafuta ilishuka kighafla kuanzia katikati ya Machi 2020, hali hii ikisababisha athari kubwa kwa thamani ya hesabu. Kuimarika kwa shughuli za kiuchumi katika robo ya tatu na ya nne kulichangia vyema matakeo ya Kampuni yenu.

Sheria ya Fedha (Finance Act, 2020) iliidhinisha ushuru kwa kiwango cha asilimia 1% ya mauzo kuanzia tarehe 1 Januari 2021. Hata hivyo, Kampuni za mafuta nchini kupitia taasisi ya mafuta ya Afrika Mashariki (PIEA), zili azilisha tetezi kuhusu hii sheria na ikaweza kuondoa Kampuni zinazoshughulika na bidhaa ambazo bei inadhibitiwa na Serikali, Kampuni zote za uuzaji mafuta ya Petroli na wafanyabiashara wahusika, na Kampuni za bima.

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Kamati ya National Assembly Committee on Delegated Legislation ilikubali Agizo la Ushuru yani Petroleum Levy Order, 2020 (Legal notice No. 124 ya mwaka 2020) mnamo tarehe 18 Machi 2021. Kanuni hizo sasa zinampa Katibu wa Baraza la Mawaziri mamlaka ya kupunguza bei za mafuta na kulinda wananchi kutokana na ongezeko ya bei wakati mafuta yasiyosafishwa yanavuka USD50 kwa pipa.

Ili kutekeleza Sheria ya Petroli, maendeleo makubwa yalifanywa ili kurekebisha na kuunda kanuni kumi na moja ambazo zilitangazwa na kuchapishwa tarehe 31 Desemba 2020 kwa ukaguzi na maoni ya umma.

Kanuni hizi kumi na moja zinahusu bei, ujenzi wa vituo, uingizaji wa bidhaa za mafuta na hifadhi ya mafuta. Sekta hiyo kupitia taasisi ya mafuta ya Afrika Mashariki (PIEA) ilifanya mazungumzo na Energy Petroleum Regulation Authority (EPRA) juu ya kanuni hizi mpya ambazo zinatarajiwa kuboresha utendaji.

Wanahisa waheshimiwa, kama ilivyoangaziwa katika ripoti ya Mkaguzi Mkuu wa Ernst & Young, Suala Muhimu la Ukaguzi juu ya urejeshwaji wa fedha za mafuta katika Kituo cha kusafisha mafuta cha Kenya (KPRL) halijasonga mbele kufikia mwisho wa mwaka wa 2020.

Hesabu hizi ni suala la majadiliano kupitia PIEA, KPRL, Wizara ya Petroli na Madini (MoPM) na EPRA. Ushauri kati ya Idara ya Sekta ya Petroli chini ya MoPM, EPRA, na Mwanasheria Mkuu wa Serikali unaendelea. Tuna matumaini ya kupata suluhisho na thamani ya orotha zetu.

Mazingira ya Uchumi

Mwaka wa 2020 bila shaka utaingia katika historia kama mwaka wenye changamoto kubwa kutokana na kuibuka kwa janga la Covid-19 na kuongezeka kwa maambukizo na vifo katika nchi nyingi ulimwenguni. Nchini Kenya, viashiria vinavyoongoza vya uchumi kwa robo ya tatu na ya nne vilionesha urejesho katika shughuli za kiuchumi kutokana na changamoto zilizoshuhudiwa katika robo ya pili ya mwaka wa 2020. Ufufuaji huu uliungwa mkono haswa na kuongezeka kwa shughuli katika sekta mbali mbali za kiuchumi, kurahisisha vizuizi vya Covid-19, kuhalalisha usafirishaji nje na hatua za Serikali kupunguza athari za janga hilo.

Mtazamo wa uchumi uliotabiriwa wa Kenya wa mwaka 2021 unaonyesha kuongezeka kwa kiwango cha ukuaji kinachotarajiwa kuwa asilimia 6.9%. Matumaini ya kukua kwa uchumi yatasaidiwa na mazingira thabiti, uwekezaji miradi chini ya Ajenda ya "BIG 4" na mabadiliko katika biashara wakati uchumi unaimarika kutokana nakuwepo na chanjo za Covid-19. Utabiri huu hata hivyo bado hauna uhakika kwa sababu ya kuibuka kwa mawimbi mapya na anuwai ya virusi na kuanzisha tena hatua za uzuizi katika nchi kadhaa.

Matokeo

Kampuni ilipata matokeo bora na mtiririko mzuri wa pesa, ikionyesha uthabiti wake kwenye mazingira magumu na faida baada ya ushuru ya KShs milioni 3,297 (2019: KShs 2,535 milioni). Matokeo haya yalitokana na mipango dhabiti ya utekelezaji yaliyowekwa na Bodi na Wasimamizi tangu mwanzo wa janga hilo. Hii ni pamoja na uwekaji wa akiba ya mafuta kwa kipimo, mseto wa mapato na usimamizi mzuri wa gharama za uendeshaji.

Katika mwaka ulioangaziwa, taarifa ya Kampuni ya msimamo wa kifedha ilibaki imara na mali ya KShs 42.99 bilioni (2019: KShs 37.56 bilioni). Kampuni imewekeza KShs milioni 1,720 (2019: KShs 2,010 milioni) kulingana na mkakati wa biashara wa kuimarisha viwango vya usalama katika shughuli zetu na kuendelea kukuza laini za biashara zenye faida.

Uendelevu na Uwajibikaji wa Uhusiano Bora kwa Jamii

Wanahisa, huu ni mwaka wa tatu kuwasilisha kwenu Ripoti ya Uendelevu ya Total Kenya Plc, ambayo inapatikana ndani ya ripoti hii ya kila mwaka.

Huu ni ufichuzi wa kiuwazi na wa hiari kuhusu utendaji wa Kampuni katika seckta ya Uchumi, jamii na mazingira.

Total Kenya Plc imechukua hatua ya kufanya kazi kwa kuchangia kwa maendeleo endelevu kulingana na Sutainable Development Goals (SDGs) yaliyopitishwa na nchi ambazo ni wanachama wa Umoja wa Mataifa mnamo 2015.

Total Kenya pia inasaidia juhudi za jamii ya ulimwengu katika kujenga mustakabali salama kwa vizazi vijavyo.

Kampuni imejitolea kwa malengo ya maendeleo endelevu kwa mazingira, huku ikilenga kupunguza athari mbaya kupitia malengo yake ya mahitaji ya kizazi kijacho.

Ulimwenguni, Total ilichukua hatua kubwa mnamo mwaka 2020 katika kukabiliana na changamoto ya hali ya hewa kwa kuweka azima mpya ya kufikia uzalishaji wa Net Zero kwa biashara yake ya kimataifa ifikapo mwaka 2050 pamoja na jamii.

Ili kufikia Net Zero tumechukua hatua tatu:

- Net Zero kwenye shughuli za Total ulimwenguni ifikapo mwaka 2050 au mbele
- Net Zero kwenye bidhaa zote za uzalishaji na nishati zinazotumiwa na wateja huko Uropa ifikapo mwaka 2050 au mbele
- Kupunguza asilimia 60% au zaidi kwa kiwango cha kaboni na nishati zinazotumiwa ulimwenguni ifikapo mwaka 2050

Kampuni yetu ina uhakika kwamba ujumuishaji wa mikakati ya utoaji wa taarifa endelevu itaanzisha pendekezo la kipekee la thamani kwa Total Kenya Plc, ikiimarisha sifa na uaminifu wetu kati ya wadau na jamii kwa ujumla.

Ili kuunga mkono matamanio haya, Total Kenya Plc inafanya maendeleo thabiti ili kuimarisha shughuli zetu.

Nishati kwa bei Nafuu na Safi: Kampuni imejitolea kuhakikisha nishati safi na inayoweza kupatikana. Hii inatimizwa kupitia usambazaji na uuzaji wa taa zinazotumia miale ya jua kwa bei nafuu katika vituo vyake vya huduma nchini. Kampuni inasambaza Gesi ya upishi yenye ubora na salama kwa wateja wake na mafuta ya

TAARIFA YA MWENYEKITI

"Excellium" ambayo yanatunza injini na mazingira bila gharama ya ziada kwa wateja.

Uwajibikaji bora kwa jamii na ukuzaji wa uchumi : Kampuni inahusika kikamilifu katika mipango ya elimu na ushauri kwa lengo la kuimarisha talanta za vijana. Hii inafanikiwa kupitia Programu ya Mafunzo kwa Vijana, Youth Arcade , Shule ya Total Summer School, Siku zijulikanazo kama Total Career Days na miradi mingine ya Ushauri wa Wafanyikazi au Staff Mentorship.

Kampuni ni mshiriki muhimu katika Total “Start Upper”, mpango mwingine mahiri wa ujasiriamali ambao ulizinduliwa Ufaransa mwishoni mwa 2015 kutambua na kuhamasisha vijana na maoni ya ubunifu kwa maendeleo ya biashara.

Shindano la pili ilifanyika katika robo ya nne ya 2018 na robo ya kwanza ya 2019. Waliomaliza na washindi wa matoleo haya mawili walifundishwa na kushauriwa kwa lengo la kuhakikisha kuwa biashara zao za ubunifu zinakua na mwishowe zitengeneze fursa ili kuendeleza uchumi.

Miradi ya Kijamii: Kampuni ni mshirika mkubwa na mchangiaji wa shirika lisilo la kiserikali la Safe Way Right Way (SWRW), linaloendeleza masuala ya usalama barabarani katika barabara kuu ya Ukanda wa Kaskazini au ‘Northern Corridor’. Shirika hili linatilia mkazo ushauri kuhusu masuala ya usalama barabarani kati ya umma na wadau muhimu wakiwemo waendeshaji magari, waendeshaji pikipiki, na wanaotembea kwa miguu.

Msaada wa Covid-19: Ili kusimama pamoja na jamii, Kampuni ilitengeneza zaidi ya lita elfu 450 za sanitizer kwa utumizi wa umma. Serikali ilitoa malighafi, Total Kenya Plc ikatoa utaalam wake, wafanyikazi, vifaa vya utengenezaji, vifaa vya ufungaji na nafasi ya uhifadhi.

Kwa kuongezea, Kampuni yenu ilitoa kadi za Mafuta zenye thamani ya shilingi milioni tatu na elfu mia tano (KShs. 3.5) za kusaidia wafanyikazi 199 wa huduma ya afya na kujaza mafuta kwa mabasi 27 ya wafanyikazi na gari za wagonjwa kutoka hospitali tatu za Nairobi ambazo ni Hospitali ya Kitaifa ya Kenyatta (KNH), Hospitali ya Mbagathi na Hospitali ya Kufundisha na Rufaa ya Chuo Kikuu cha Kenyatta (KUTRH).

Mtazamo wa mwaka 2021

Mwelekeo wa ulimwengu sasa unaonyesha siku zijazo zisizo na uhakika dhidi ya kuongezeka kwa janga la Covid-19 linaloendelea. Hata hivyo, tuna matumaini makubwa katika hatua za Serikali za kudhibiti kupunguza kuenea na athari za janga hili ili kukuza uchumi.

Mafanikio makubwa yamefanywa kwenye miradi muhimu ya miundombinu ya tasnia kama vile kuhamishwa kwa gati ya Kituo cha Mafuta cha Kipevu huko bandarini Mombasa. Mradi huu unafanywa na usimamizi wa bandari (Kenya Ports Authority) na unatarajiwa kukamilika Desemba 2021 na kuboresha kwa kiwango kikubwa katika usambazaji wa bidhaa za petroli na kupunguza gharama mradi huo utakapokamilika.

Bodi iko na imani na inaunga mkono mikakati ya ukuzaji wa biashara zikiwemo kutafuta fursa mpya za biashara na itaendelea kusaidiana na wasimamizi katika kutekeleza mikakati hiyo ya kuongeza thamani kwa wanahisa wetu. Bodi inakubaliana na mikakati na mipango ya kibiashara inayowekwa na wasimamizi ili kukabiliana na mabadiliko katika mahitaji ya wateja kipindi hiki cha janga la Covid-19 na sina shaka kwamba tutaendelea kuongeza uwezo wa kupanua biashara mnamo 2021.

Mgawo wa Faida

Bodi inafurahi kupendekeza katika Mkutano huu Mkuu wa Mwaka, idhini yenu kwa mgao wa kwanza na wa mwisho wa shilingi moja na senti hamsini na saba (KShs 1.57) kwa kila hisa ikilinganishwa na mgao wa KShs 1.30 kwa kila hisa wa mwaka uliopita ikiwa ni ongezeko ya asilimia ishirin na moja (21%). Mgao huo wa faida utalipwa kwa wenye hisa waliokua kwenye sajili au orodha ya wanachama kufikia tarehe 25 Juni 2021, baada ya kutozwa ushuru wa mapato.

Shukrani

Kama Bodi, tunashukuru kujitolea kwa Wasimamizi katika ukabilianaji bora dhidi ya janga ambalo limekumba ulimwengu kwa kuhakikisha mwendelezo wa biashara. Ningependa pia kutambua juhudi za waajiriwa wote ambao wameendelea kujitolea sana kutoa huduma bora kwa wateja wetu na wadau katika mwaka uliopita.

Napenda pia kuishukuru Serikali kwa hatua zinazochukuliwa kwa wakati huu kuhakikisha uthabiti wa kiuchumi na sheria zinazoimarisha mazingira mazuri ya biashara.

Ninashukuru wateja wetu, wafanyabiashara, wasafirishaji na wadau wengine muhimu kwa ushirikiano wao kwa manufaa yetu sote.

Kwenu Wanahisa, nawakushukuru kwa ujasiri mulioonyesha kwa uwekezaji wa fedha zenu ndani ya Kampuni ya Total Kenya Plc na imani muliyo nayo katika Kampuni.

Mwishowe, napenda kuishukuru Bodi ya Wakurugenzi kwa kujitolea kwao na juhudi zao ambazo zimewezesha Kampuni yatu kuendelea kuwa mhusika mkuu katika uchumi wetu.

Jean-Philippe TORRES

Mwenyekiti

MANAGING DIRECTOR'S REPORT

MR. OLAGOKE ALUKO
Managing Director

Overview

The Covid-19 pandemic and its impact on all sectors of the Kenyan economy tested our will, our ability to be agile and adapt swiftly when faced with unprecedented challenges.

Despite the various challenges, it did not shake the courage of our conviction to continue innovating and diversifying to serve the demands for energy, both in the short- and long-term, whilst still remaining aligned to the well-being of the environment we operate in and our planet.

The Business Continuity Plan (BCP) implemented by the Management of Total Kenya ensured uninterrupted delivery of quality products and services to our esteemed customers while ensuring the safety of our employees and stakeholders. Some of the safety measures undertaken include:

- Monthly fumigation and disinfection of offices and depots.
- Creating awareness of Covid-19 to staff by placing signages at our offices, depots and service stations.
- Free expert counselling to staff on need basis.
- Covid-19 tailored medical fit-to-work questionnaire for third parties working at our service stations and depots.
- Regular provision of face masks to all staff working at the depots and head office.

The key to our growth is the sustained investment we make towards improving the customer experience. During the year, our retail sites continued to grow, taking our services closer to our customers.

Our retail sites continue to offer more than petroleum products. With continued focus on services that enhance and improve customer experience. The Bonjour Shops, Car Wash services, Total Quartz Auto Service Centres and partnerships with third parties in provision of various services such as restaurants, chemists and drycleaners together bring additional products and services closer to our customers. Our Total Card remains a preference in the Kenyan market and our one stop payment solution at our retail sites integrate a wide range of digital services and real-time mobile top-up solution.

Retail Key figures	2020	2019	% CHANGE
Number of service stations	210	204	3%
Volumes Sold in KMT	535	531	1%

The Company continued to offer a range of high-quality products and services to the industrial consumer segment which includes manufacturing, service industry, agriculture, energy, building and construction and transport.

Highlights of Financial Performance

The Company realized outstanding results and a positive cashflow, demonstrating its resilience to the difficult and challenging environment, with a profit after tax of KShs 3,297 million (2019: KShs 2,535 million). This performance is a result of effective action plans put in place by the Board and Management from the start of the pandemic. These included optimization of fuel stocks, diversification of revenues and prudent management of operating expenses.

Gross Profit: The Company recorded an increase in gross margins to reach KShs 9,057 million (2019: KShs 8,611 million) driven mainly by efficient and effective management of inventories and commercial performance in all our channels.

Other income increased to KShs 1,903 million (2019: KShs 1,496 million) resulting mainly from the continued investments in Shop, Food and Services

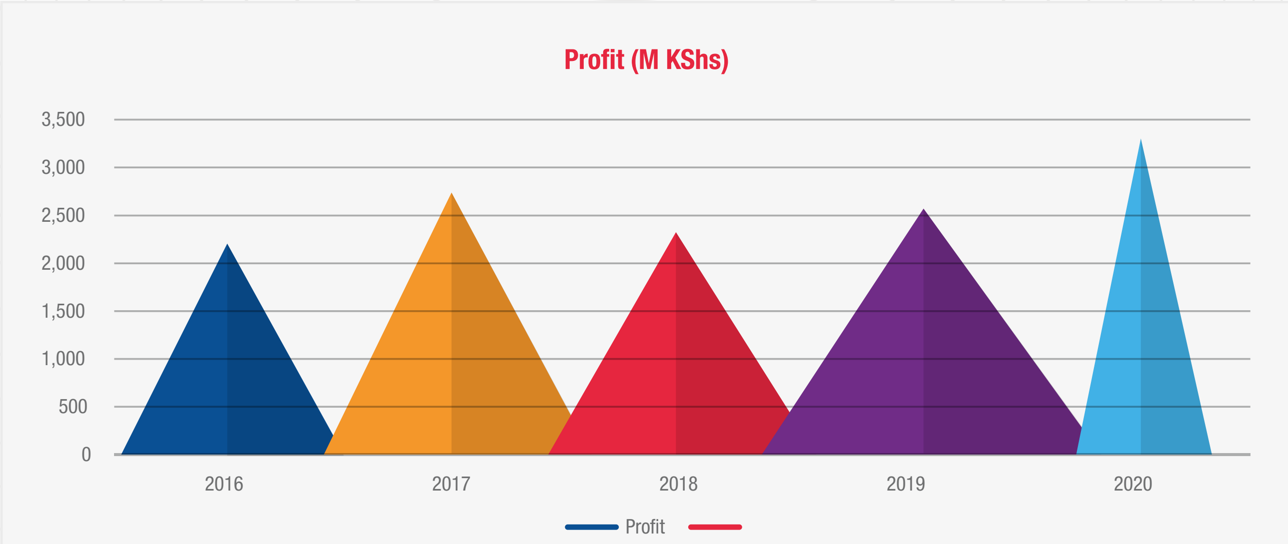
MANAGING DIRECTOR'S REPORT

(SFS), rental income from partnerships with third parties and sundry income coming from VAT relief received in the year.

Operating expenses: The initiatives adopted by Management to be more efficient and agile led to the decline in operating expenses in an inflationary environment. Net finance income of KShs 86 million resulted from positive cash position in Kenya shillings emanating from better working capital management.

Foreign exchange loss increased to KShs 144 million (2019: KShs 106 million). The loss is attributable to the valuation of liabilities in foreign currency impacted by the depreciation of the Shilling against the US Dollar in the period.

Investments amounted to KShs 1,720 million (2019: KShs 2,010 million) in line with the business strategy to enhance safety standards in our operations and continue to develop profitable business lines.



Risk Management

The Company's risk management policy allows management to identify, measure, manage and monitor risks across the business and provides a clear framework of risk mitigation processes in the Company's ever-changing environment.

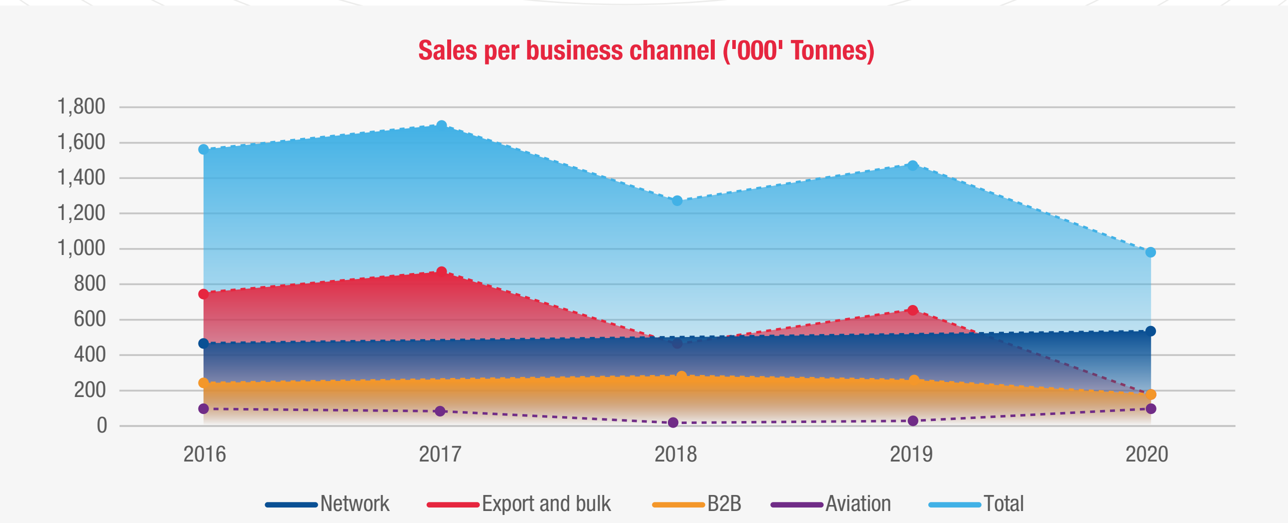
The Board Risk and Governance Committee (BRGC) headed by an Independent Director, reviews the effectiveness of the process at regular intervals. The BRGC also reviews matters regarding compliance as well as the prevention and detection of corruption and fraud.

The main risks comprise of Safety, Business, and Ethics and Compliance:

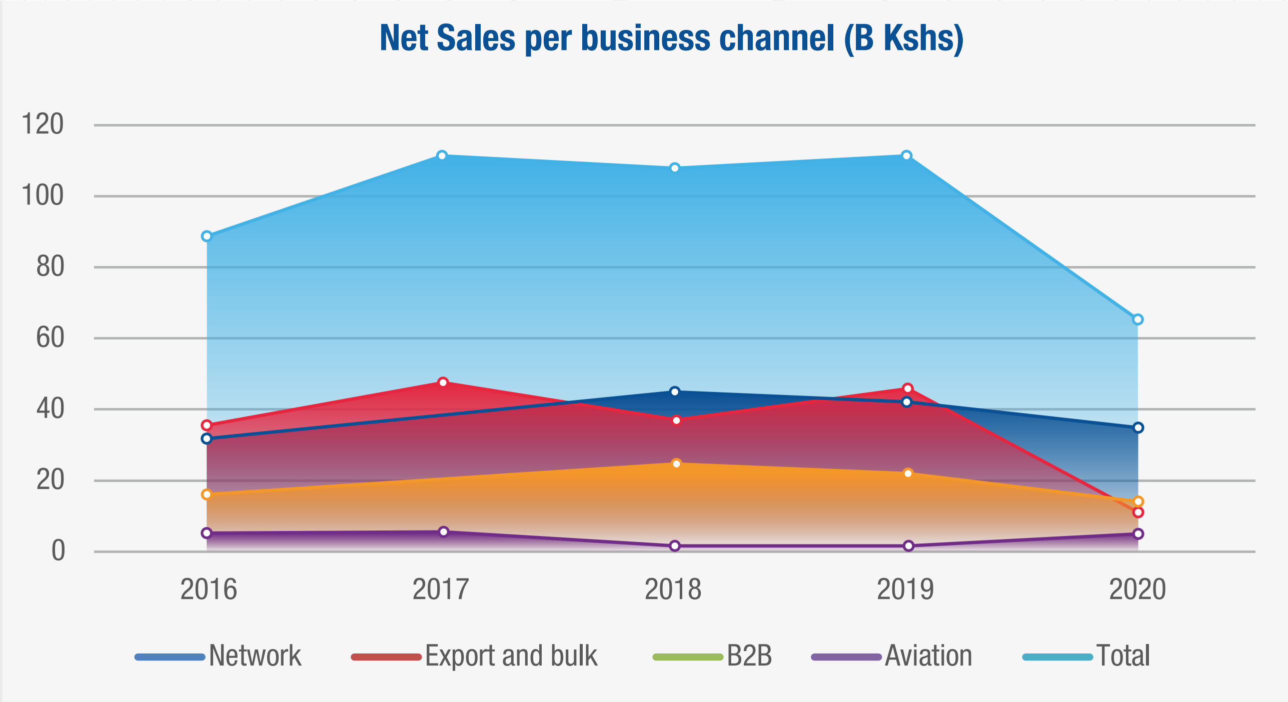
Safety: This is our first core value and the foundation of operations. We do not compromise on safety and continue to train and sensitise our staff, contractors and transporters to enforce a strong safety.

Business risks: These include supply constraints and price risk that could adversely impact Company margins through lag effect on stocks. The Company has a price risk management model that enables us to closely monitor the market and to adapt pricing offers to our customers, hence minimizing the price lag effect through effective supply planning.

Ethics and Compliance: The Company has invested heavily in continuous sensitization of staff and stakeholders on ethics and compliance matters; and has implemented a zero-tolerance policy towards fraud and corruption. To guide relations with suppliers, contractors and third parties, anti-corruption, anti-fraud and anti-competitive clauses are now part of our contractual terms.



MANAGING DIRECTOR'S REPORT



Human Capital

An efficient and innovative workforce is central to the delivery of our promises to our shareholders, customers, and other stakeholders. The Management focuses on building diverse capabilities, driving an all-inclusive and high-performance culture, while remaining an equal opportunity employer.

We strive to create an environment that empowers staff to thrive, which is done through continuous trainings, employee development and career growth. This is the second year since the launch of our talent development programme, a management system that promotes mobility and career development. In this programme, staff are provided with the opportunity to change their jobs as they further their career aspirations.

The career management policy is structured around the following key points:

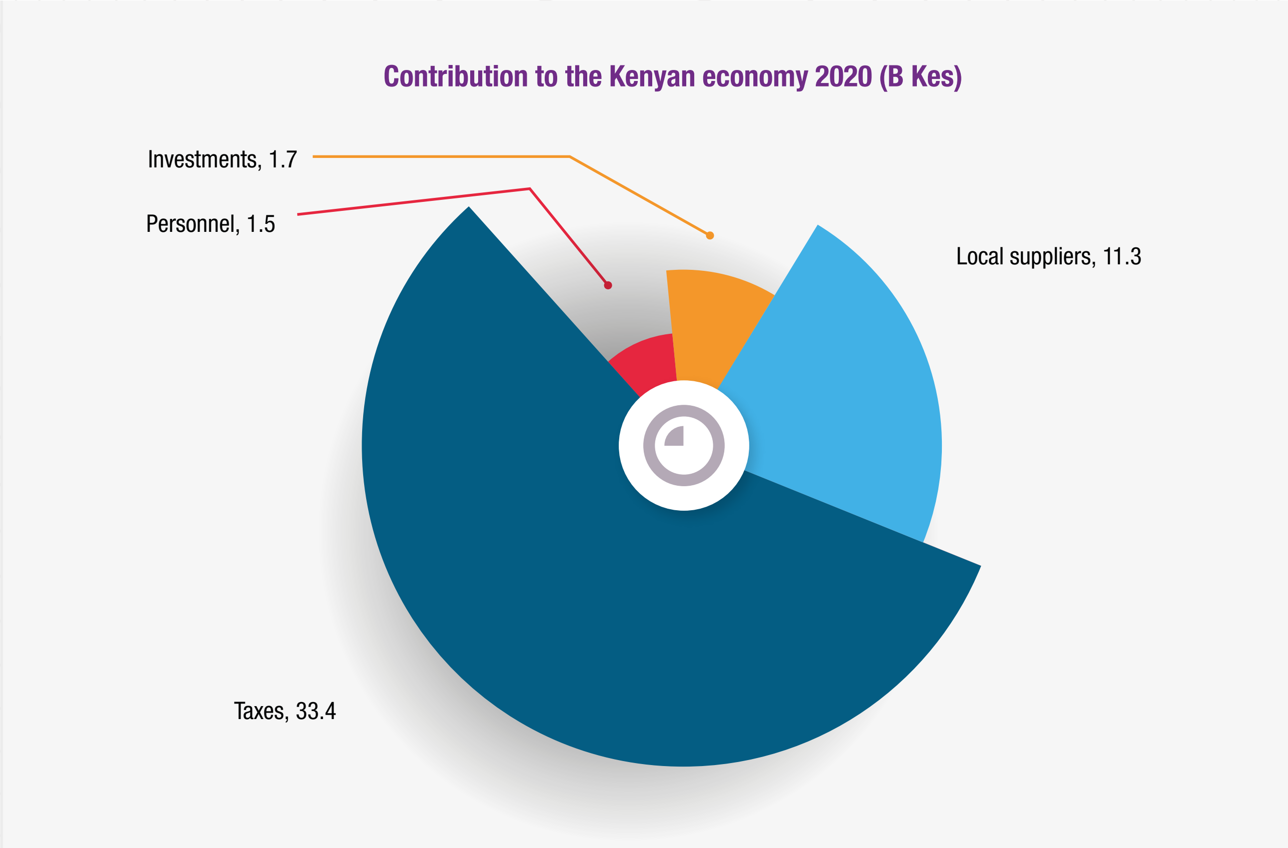
- Removal of barriers between jobs and sectors of activity.
- Staff diversity: policy of internationalisation, feminisation, and diversification of profiles.
- Implementation of a consistent integrated recruitment policy.
- Consistency in compensation and training policies.
- Making careers more attractive by outlining job-specific career paths.
- Identification and management of staff with high potential in order to prepare them for key positions
- Identification and management of experts.

Communication to our employees plays a vital role in promoting a conducive environment. We continue to achieve this through quarterly staff fora, seminars for managers, surveys, staff bulletins, intranet and newsletters. Additionally, each employee undergoes an annual individual performance review that provides feedback on performance, career plan and skills development.

Contribution to the Kenyan economy

Total Kenya remained one of the biggest contributors to the Kenyan economy through payment of direct and indirect taxes of KShs 33.4 billion in 2020. In addition, KShs 11.3 billion was paid to local suppliers for investments and for goods and services. Total pay-out to employees amounted to KShs 1.5 billion during the year.

MANAGING DIRECTOR'S REPORT



Sustainability and social responsibility

Total Kenya is committed to the communities and the environment it operates in and therefore continues to align its sustainability strategy with the Group's Energy outlook.

Globally, Total took a major step forward in 2020 in its response to the climate challenge by setting a new ambition to get to net zero emissions for its global business by 2050, together with society. In this way, Total intends to contribute to the Paris Agreement's carbon neutrality objective for the second half of the century.

To support these ambitions, Total Kenya is making steady progress towards integrating sustainability into our operations.

We therefore remain steadfast in our commitment to develop innovative strategies to mitigate the environmental impact of our operations and catalysing change within the communities where we operate. We are doing this by engaging our stakeholders across the value chain to create greater positive impact. Expanding on last year's theme "Scaling even greater heights in the energy transition", this Year's Sustainability Report titled "Our Journey to Net Zero" aims to inspire our larger ecosystem and our value chain to accelerate climate action.

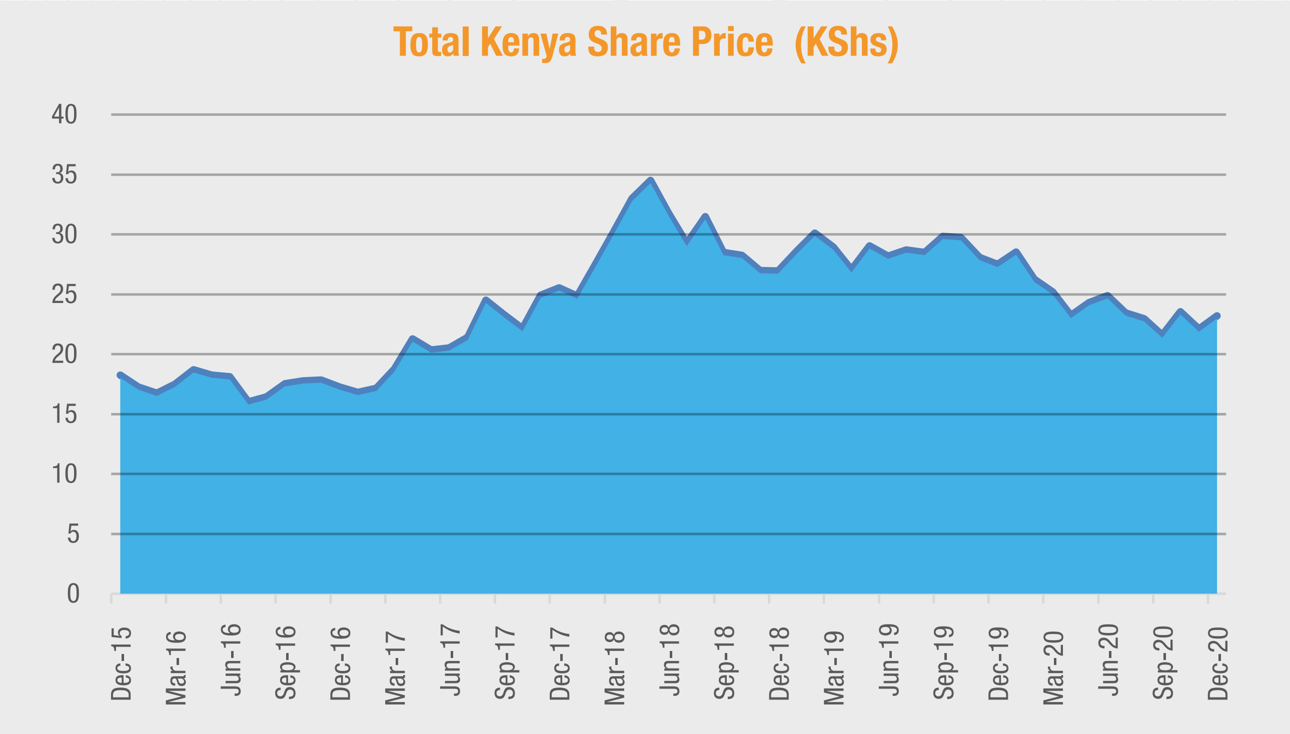
Future Outlook

The economic environment remains challenging in the short-term owing to the impacts of the different waves of Covid-19 pandemic. However, Management has taken long-term measures to mitigate them. The Company, in line with its long-term strategy which is geared towards capturing growth opportunities in the Kenyan and regional markets, will leverage on the strong balance sheet, continued innovation, agility and operational excellence to deliver sustained returns to its shareholders. At the same time, our investments are geared to respond to the risks and opportunities of climate change in line with the Total Group climate ambition.

Share Price

In 2020, Total Kenya's share price closed at an average of KShs 23.20 per share as compared to KShs 27.50 per share at the end of December 2019.

MANAGING DIRECTOR'S REPORT




TOTAL
excellium
PREVENTS UP TO 93%* OF DEPOSIT BUILD-UP
Fight dirt in your engine
The fuel that cleans your engine km after km
TOTAL
Committed to Better Energy
*TOTAL EXCELLIUM prevents up to 93% of fouling in petrol engines and 89% in diesel engines and cleans up to 36% of existing build-up in diesel engines and 24% in petrol engines, in comparison to a non-specifically additivated fuel. Tests conducted by an independent body.
More information on www.total.co.ke

SHAREHOLDERS ANALYSIS

TOP 10 SHAREHOLDERS (Including redeemable preference shares)

RANK	NAME	SHARES HELD	PERCENT
1	TOTAL Outer-Mer	580,804,822	92.26%
2	TOTAL Africa Limited	10,732,950	1.70%
3	Bid Plantations Ltd	4,170,000	0.66%
4	Benjamin,Emmett Joseph	2,506,400	0.40%
5	Shah,Rajesh Dharamshi D	1,674,813	0.27%
6	Standard Chartered Kenya Nominees Ltd AC KE001966	1,630,000	0.26%
7	Standard Chartered Kenya Nominees Ltd A/C KE000954	1,370,000	0.22%
8	Standard Chartered Kenya Nominees Ltd A/C KE002670	864,400	0.14%
9	Rahim,Ahmed Mian Abdur	477,660	0.08%
10	Shah,Dharamshi Devshi	410,300	0.07%
	TOTAL	**604,641,345**	**96.06%**

SHARE DISTRIBUTION SCHEDULE

i) By number of Share Range

RANGE	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
1 - 500	2,884	568,597	0.09%
501 - 1,000	896	770,912	0.12%
1,001 - 5,000	1,376	3,472,101	0.55%
5,001 - 10,000	346	2,595,180	0.41%
10,001 - 50,000	316	6,500,619	1.03%
50,001 - 100,000	56	4,047,707	0.64%
100,001 - 500,000	37	7,833,957	1.24%
500,001 - 1,000,000	1	864,400	0.14%
1,000,001 - 999,999,999,999	7	602,888,985	95.77%
TOTAL	**5,919**	**629,542,458**	**100%**

ii) By category of Shareholder

GROUP	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
Foreign Investors	85	595,531,211	94.60%
E.A.P.S. Individuals	5,462	25,188,830	4.00%
E.A.P.S. Institutions	372	8,822,417	1.40%
TOTAL	**5,919**	**629,542,458**	**100%**

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2020, which show the state of the affairs of Total Kenya Plc ("the Company").

1 INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a public Company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 6.

2 PRINCIPAL ACTIVITY

The principal activity of the Company is the marketing and sale of petroleum products.

3 FINANCIAL RESULTS

The results for the year are as follows:

	2020	2019
	KShs'000	KShs'000
Profit before tax	4,784,574	3,881,368
Tax charge	(1,488,042)	(1,346,836)
Profit for the year	3,296,532	2,534,532

4 DIVIDENDS

Subject to the approval of the shareholders at the Annual General Meeting, the directors recommend payment of a first and final dividend of KShs 1.57 (2019: KShs 1.30) per share equivalent to a total amount of KShs 988 million (2019: KShs 818 million).

5 DIRECTORS

The directors who served during the year and to the date of this report are set out on page 6.

6 BUSINESS REVIEW

The business environment has faced exceptionally challenging circumstances in the year 2020 resulting from Covid-19 pandemic. This has negatively impacted all aspects of the world economy, putting pressure on consumer expenditure and adversely impacting the business operating environment.

In Kenya, the Government put in measures aimed at containing the spread of Covid-19. In addition, some businesses adopted work from home formula. Total Kenya implemented Business Continuity Plan (BCP) and continued to serve its customers with no interruptions taking into consideration the safety of its employees. These actions included:

- Monthly fumigation and disinfection of offices plus warehouses.
- Creating awareness of Covid-19 to staff as well as informatory signages at offices, depots and service stations.
- Free online expert counselling to staff on need basis.
- Covid-19 tailored medical fit-to-work questionnaire for third parties working at its service stations and depots.
- Provision of masks to all staff working at the depots and head office.

The priority was to put in place measures to protect its customers, dealers and station staff from Covid-19 and ensure business continuity in its entire Network.

The Company, as part of its social responsibility and in partnership with the Government, blended sanitizers at its blending plant. These were meant for vulnerable groups, schools and hospitals and handed over to the Government of Kenya for distribution.

During the year, the Company remained resilient and continued to focus on the key strategy levers namely; new service stations development, solarization of the stations, lubes promotions, tapping into the new LPG environment, shops ,food and services developments, transport optimization, blending plant and warehouses revamping projects, working capital management, internal Controls and cost control.

In addition, the Company continued to operate under five key values in the provision of quality products and services with the ultimate goal of satisfying customer needs, increasing shareholders' value and meet other stakeholder demands.

These include; safety, respect for each other, pioneer spirit, stand together and performance- minded. These values have enabled the Company to grow the business, deliver the needs of customers and positively impact stakeholders.

Growth and Investments

The Company continued to invest substantially to tap business opportunities, enhance safety in its operations and increase shareholders' return. During the year, the Company expanded its network by opening 8 new service stations integrated with service offers, revamping of existing stations and solarization of service stations to promote and enhance safe and clean energy.

The Company has continued to invest in convenient stores, 'Bonjour Shops', Car Wash, Total Quartz Auto Service centres and partnerships with third parties in provision of services to its esteemed customers making its retail outlets a one stop shop.

The Company's Culture

The Company's overall human resource is over 390 direct employees and over 4,500 indirect employees. The Company's people strategy focuses on building diverse capability, driving an inclusive high performing culture through continued investment in employees' training, career development and providing opportunities for regional and overseas posting.

Communication to staff remains key in enhancing employee engagement. Through staff forums, seminars, surveys, staff bulletins, intranet, newsletters and individual performance reviews, management keeps the employees informed of the Company's strategy, objectives and performance.

Business Risks

The Company has a risk management policy that provides the framework of identifying and managing risks that impact its business. The Company's risk management policy allows management to identify, measure, manage and monitor risks across the business, it also provides a clear framework of risk mitigation processes in the Company's ever- changing environment.

The year under review was challenging with the impacts of Covid-19 pandemic. The pandemic impacted various businesses following cessation of movement and lockdowns. The Company developed a Business Continuity Plan to ensure business continuity, delivery of services and mitigation of related risks. The related risks included:

Loss of revenues: This results from the inability to service customer orders and delivery of products. The Company put in place a BCP that enabled head office staff to continue working from home. The Management held regular meetings to review the situation and put up measures to ensure there were no disruptions to the business.

The entire business chain was reviewed, and action plans put in place to ensure efficient and effective provision of services to the customers.

Debt default: During the period, some businesses closed or scaled down operations. This posed a risk of default. The Company continued to ensure that the debt portfolio is secured, and payment plans with the affected customers were put in place to ensure there is continued supply and continued collections.

Health risk: The pandemic posed a health risk to the staff which hinders operations. The Company put in place measures adhering to the Ministry of Health guidelines in regard to Covid-19 to ensure safety of staff i.e. working from home environment and equipping employees with the necessary tools for normal operations. In addition, the Company provided masks to the staff, sanitizers and regular sensitization through publications, staff forums, free online counselling to the affected staff, regular fumigation of the head office and depots.

Safety is a core value for the Company and as such, the Company implements various preventive and detective measures to avoid major accidents. The Company continues to train and sensitise its staff, contractors and transporters to enforce the safety culture and encourage reporting of near misses. The Company does not compromise on safety.

Ethics and Compliance is another key area where the Company invests heavily in sensitization of staff and stakeholders. The Company has implemented a zero-tolerance policy towards fraud and corruption.

Operational risks: These includes supply chain constraints and price risk that can impact the margins of the Company though lag effect on inventory. The Company implemented a price risk management model which enables it to closely monitor the market and to adapt its pricing offers to its customers minimizing the price lag effect through effective supply planning.

Growth in revenues and profitability

The Company realized exceptional result and positive cashflows demonstrating its resilience to the exceptionally difficult and challenging environment with a profit after tax of KShs 3,297 million (2019: KShs 2,535 million). This performance resulted from the effective action plans put in place by the board and management from the start of the pandemic. They included; optimization of fuel inventories, diversification of revenues and prudent management of operating expenses.

The Company recorded an increase in gross margins of KShs 9.06 billion (2019: KShs 8.61 billion) mainly driven by efficient and effective management of inventories and growth in lubricant and Liquified Petroleum Gas revenues.

Other income increased to KShs 1,903 million (2019: KShs 1,496 million) mainly resulting from continued investments in Shop, Food and Services (SFS), rental income from partnership with third parties and sundry income coming from the VAT relief received in the year.

Operating expenses were controlled within inflation rates.

Sustainability Programmes

The Company is committed to the sustainable development goals (SDG's) and to the environment, focusing on maximizing its positive impact and mitigating the negative impacts through the continued alignment with its goals.

Affordable and clean energy: The Company is geared towards ensuring clean and accessible energy. This is being achieved through the distribution and sale of affordable solar lanterns in all its service stations countrywide. The Company endeavours to deliver quality and safe LPG to its customers and excellium fuels that protects the engine and environment.

Decent work and economic growth: The Company is also actively involved in various educational and mentorship programmes with the aim of enriching young people's talents. This is achieved through the Young Graduate Management Trainee Program, Annual Youth Arcade, the Total Summer School, Total Career Days and other Staff Mentorship Initiatives.

The Company gives business opportunities to young Kenyans along with capital support for station dealership while they gain experience and build financial strength to stand on their own. The Young Dealer scheme which is an entrepreneurship programme that develops service station employees to become independent dealers has successfully produced businessmen in the Company's industry and will continue to receive the Company's support as a way of investing in the skills of the local community.

The Company is a key participant in the Group's ''start upper" of the year challenge, yet another vibrant entrepreneurship initiative that was launched by the Group towards the end of 2015 to identify and motivate young people with innovative ideas for business development. The winners and finalists for the challenge are constantly being coached and mentored with the aim of ensuring that their innovative businesses grow and create opportunities towards the development of its economy.

Social Programmes: The Company is a major partner and contributor of the Safe Way Right Way (SWRW) an NGO promoting road safety along the Northern Corridor. The organization champions road safety advocacy among the key stakeholders including motorists, motorcyclists, pedestrians and the general public.

Outlook for 2021

The business environment remains challenging due to the uncertainty of the Covid-19 pandemic related impacts and the speed of the economic recovery post the pandemic. The Company's priority is to generate a level of cashflows that allows it to continue to invest in profitable projects, to preserve an attractive shareholder return and maintain a strong balance sheet. The Company will continue to focus on safety, operational excellence and cash flow generation while mitigating challenges caused by the impacts of Covid-19 pandemic.

7 STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

a. there is, so far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and,

b. the director has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8 AUDITORS

Ernst & Young LLP continues in office in accordance with Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 8,836,000 has been charged to profit or loss in the year as disclosed in Note 6 to the financial statements.

By Order of the Board

J L G Maonga
Secretary

31 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

I designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

II selecting suitable accounting policies and applying them consistently; and,

III making accounting estimates and judgements that are reasonable in the circumstances.

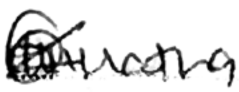
Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 31 March 2021 and signed on its behalf by:

....

Director: Olagoke Aluko



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Director: Lawrencia Gichatha

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors' Remuneration Report sets out the policy that the Company has applied to remunerate executive and non-executive directors. The report has been prepared in accordance with the relevant provisions of the Capital Markets Authority (CMA) Code of Corporate Governance and the requirements of the Kenyan Companies Act, 2015 and the Companies (General) (Amendments) (No.2) Regulations, 2017.

Executive Directors

Executive directors are remunerated in accordance with the Company's remuneration policy. Determination of the pay is based on the established salary scale. Annual objectives are set at the beginning of the year and a performance assessment carried out to determine the bonus and increment. The remuneration package comprises basic salary, pensions and other benefits. There has been no major change relating to directors' remuneration during the year under review.

Non-Executive Directors

Local non-executive/independent directors are paid a fixed annual fee plus a sitting allowance for attending board meetings. Foreign non-executive directors are drawn from the Group's senior staff and are not remunerated for board's meeting attendance.

The fees are approved by shareholders at Annual General Meetings.

Contract of service

In accordance with Articles 70 and 71 of the Company's Articles of Association, a third of the non-executive directors retire from office and are eligible for re-election.

The executive directors have employment contracts with the Company.

The table below shows the executive and the non-executive directors' remuneration in respect of qualifying services for the year ended 31 December 2020. The aggregate directors' emoluments are shown in Note 19 (vii).

31 DECEMBER 2020

Director	Role/ appointment or retirement date	Category	Gross earnings including pension contribution KShs'000	Annual bonus KShs'000	Directors fees KShs'000	Sitting allowances KShs'000	Benefits* KShs'000	Total KShs'000
Jean- Phillipe Torres	Chairman	Non-executive	-	-	-	-	-	-
Olagoke Aluko	Managing Director	Executive	22,765	4,078	-	-	26,903	53,746
Lawrencia Gichatha	Finance Manager	Executive	13,400	983	-	-	1,050	15,433
John Muchunu	Strategy and Corporate Affairs Director	Executive	17,014	1,078	-	-	109	18,201
Stanislas Mittelman		Non-executive	-	-	-	-	-	-
Joseph Karago		Non-executive	-	-	1,600	1,600	-	3,200
Margaret W.N. Shava		Non-executive	-	-	1,600	1,900	-	3,500
Maurice Kanjenjo	Appointed on 18 November 2020	Non-executive	-	-	-	-	-	-
Paul-Henri Assier de Pompignan	Appointed on 31 March 2021	Non-executive	-	-	-	-	-	-
Joe Muchekehu	Retired on 26 June 2020	Non-executive	-	-	800	500	-	1,300
Severine Julien	Resigned on 31 March 2021	Non-executive	-	-	-	-	-	-
Totals			**53,179**	**6,139**	**4,000**	**4,000**	**28,062**	**95,380**
Summary								
Cash emoluments			53,179	6,139	4,000	4,000	-	67,318
Non-cash emoluments			-	-	-	-	28,062	28,062
Totals			**53,179**	**6,139**	**4,000**	**4,000**	**28,062**	**95,380**

Jean-Phillipe Torres, Stanislas Mittelman and Severine Julien are remunerated by Total SA, the parent Company and are not re-charged to the Company. They are not remunerated as board members of Total Kenya Plc.

Olagoke Aluko is paid by the parent Company. These costs are recharged to Total Kenya Plc in Swiss Francs. The recharged amounts are converted into Kenya shillings using the Central Bank of Kenya mean rate as at transaction date for local payroll processing, tax declaration and payments.

*Benefits include house, vehicle, telephone, utilities and domestic employees and are declared in line with the Kenyan tax laws.

DIRECTORS' RENUMERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

31 DECEMBER 2019

Director	Role/ appointment or retirement date	Category	Gross earnings including pension contribution KShs'000	Annual bonus KShs'000	Directors fees KShs'000	Sitting allowances KShs'000	Benefits* KShs'000	Total KShs'000
Jean- Phillipe Torres	Chairman	Non-executive	-	-	-	-	-	-
Olagoke Aluko	Managing Director	Executive	17,492	3,525	-	-	24,631	45,648
Premanand Dhoomon	Finance Director (Retired on 30 June 2019)	Executive	7,801	1,205	-	-	6,315	15,321
Lawrencia Gichatha	Finance Manager (Appointed on 01 July 2019)	Executive	5,643	1,071	-	-	-	6,714
Macharia Irungu	Strategy and Corporate Affairs Director (Resigned on 02 January 2020)	Executive	12,920	3,788	-	-	3,091	19,799
Stanislas Mittelman		Non-executive	-	-	-	-	-	-
Joe Muchekehu		Non-executive	-	-	1,600	900	-	2,500
Joseph Karago		Non-executive	-	-	1,600	1,100	-	2,700
Severine Julien		Non-executive	-	-	-	-	-	-
Margaret W.N. Shava		Non-executive	-	-	1,600	1,300	-	2,900
Totals			**43,856**	**9,589**	**4,800**	**3,300**	**34,037**	**95,582**
Summary								
Cash emoluments			43,856	9,589	4,800	3,300	-	61,545
Non-cash emoluments			-	-	-	-	34,037	34,037
Totals			**43,856**	**9,589**	**4,800**	**3,300**	**34,037**	**95,582**

Jean-Phillipe Torres, Stanislas Mittelman and Severine Julien are remunerated by Total SA, the parent Company and are not re-charged to the Company. They are not remunerated as board members of Total Kenya Plc.

Olagoke Aluko and Premanand Dhoomon are paid by the parent Company. These costs are recharged to Total Kenya Plc in Swiss Francs. The recharged amounts are converted into Kenya shillings using the Central Bank of Kenya mean rate as at transaction date for local payroll processing, tax declaration and payments.

*Benefits include house, vehicle, telephone, utilities and domestic employees and are declared in line with the Kenyan tax laws.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TOTAL KENYA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Total Kenya Plc set out on pages 66 to 103, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Company and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of financial statements of the Company and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the acCompanying financial statements.

Key audit matter	How our audit addressed the key matter
Accounting for amounts receivable from Kenya Petroleum Refineries Limited (KPRL) relating to fuel yield shifts	
As disclosed in Note 18 to the financial statements, the amounts receivable from KPRL include value of yield shifts that arose up to 2013 when KPRL operations were under toll mode. Subsequently, KPRL changed its operations to merchant mode and, most recently, to fuel hospitality services only. The recovery of these yield shifts is a matter of discussion between the Company together with other Oil Marketing Companies (OMCs), KPRL, the Ministry of Petroleum and Mining (MoP&M) and the Energy and Petroleum Regulatory Authority (EPRA). We focused on this matter because the amount involved is material to the financial statements and had not been fully recovered by year-end. The determination of whether there was sufficient supporting evidence for the continued recognition of these amounts in the financial statements involved robust discussions with management and Board of Directors. We also considered that the disclosures on this matter in Note 18 to the financial statements are significant to the understanding of the Company's financial statements.	Our procedures included, but were not limited, to the following: a) We reviewed the following: - • the available KPRL statement and confirmation of the yield shifts due to the Company; • the KPRL confirmation to EPRA of the value of yield shifts owing to OMCs; • the forensic audit report of the KPRL yield shift numbers commissioned under the direction of the MoP&M; and, • the Company's reconciliations of the yield shift quantities and values in the Company's books of account to the KPRL statement and confirmation of yield shifts due to the Company. b) We compared the inventories quantities forming the basis for the amount receivable from KPRL in the Company's books of account to the KPRL statement and confirmation and checked that the differences were reconciled. c) We held meetings with management and reviewed correspondence between the Company, OMCs, KPRL, EPRA and the MoP&M regarding the recoverability of the yield shifts. d) We evaluated the Company's disclosures on this matter in Note 18 to the financial statements.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TOTAL KENYA PLC

Other Information

The directors are responsible for the other information. The other information comprises Corporate Information, the Report of the Directors, as required by the Kenyan Companies Act, 2015 and the Directors' Remuneration Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the contents of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matters to the directors.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors 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.

Auditor's 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 auditor's 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore key audit matters. We describe these matters in our auditor's report unless

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TOTAL KENYA PLC

law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

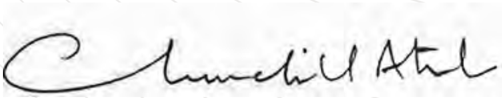
As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

i. in our opinion, the information given in the report of the directors on pages 57 to 58 is consistent with the financial statements; and,

ii. in our opinion, the auditable part of directors' remuneration report on pages 61 and 62 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Churchill Atinda practicing certificate number 1425.

For and on behalf of Ernst & Young LLP



Certified Public Accountants

Nairobi, Kenya

30 April 2021

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 KShs'000	2019 KShs'000
Revenue from contracts with customers		97,351,821	143,990,455
Indirect taxes and duties		(31,920,643)	(32,113,529)
Net revenue from contracts with customers	3	65,431,178	111,876,926
Cost of sales	4	(56,374,062)	(103,266,119)
Gross profit		9,057,116	8,610,807
Other income	5	1,902,801	1,496,356
Operating expenses	6	(6,179,802)	(6,181,277)
Net allowance for expected credit losses	18	62,050	(27,193)
Finance income	7 (a)	243,660	272,967
Finance costs	7 (b)	(157,482)	(183,808)
Net foreign exchange loss	7 (c)	(143,769)	(106,484)
Profit before tax	8	4,784,574	3,881,368
Tax charge	9 (i)	(1,488,042)	(1,346,836)
Profit for the year		3,296,532	2,534,532
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**3,296,532**	**2,534,532**
Earnings per share (basic and diluted) (KShs)	**10**	**5.24**	**4.03**

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

ASSETS	Notes	2020 KShs'000	2019 KShs'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	11,022,938	10,827,175
Right-of-use assets	13	1,672,470	1,885,342
Goodwill	14	416,679	416,679
Intangible assets	15	230,731	228,826
Deferred tax assets	16	308,343	377,462
		13,651,161	13,735,484
CURRENT ASSETS			
Inventories	17	6,436,314	6,668,240
Tax recoverable	9 (iii)	-	34,242
Trade and other receivables	18	11,833,785	11,326,753
Amounts due from related companies	19 (i)	1,449,598	1,494,073
Cash and bank balances	25 (ii)	9,591,950	4,281,548
		29,311,647	23,804,856
Non-current assets classified as held for sale	20	24,364	24,364
		29,336,011	23,829,220
TOTAL ASSETS		**42,987,172**	**37,564,704**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	9,974,771	9,974,771
Share premium	22	1,967,520	1,967,520
Retained earnings		14,918,006	12,439,879
		26,860,297	24,382,170
NON-CURRENT LIABILITIES			
Trade and other payables	23	756,621	855,280
Lease liability	13	848,908	1,055,509
Provisions	23	234,217	214,717
		1,839,746	2,125,506
CURRENT LIABILITIES			
Lease liability	13	311,096	284,044
Trade and other payables	23	11,939,415	6,981,726
Tax payable	9 (iii)	36,748	-
Amounts due to holding Company	19 (iii)	1,725,080	2,398,488
Amounts due to related companies	19 (ii)	274,790	644,183
Short term borrowings	24	-	748,587
		14,287,129	**11,057,028**
TOTAL EQUITY AND LIABILITIES		**42,987,172**	**37,564,704**

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2021 and were signed on its behalf by:

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Director - Olagoke Aluko Director – Lawrencia Gichatha

FINANCIAL STATEMENTS

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

	Share Capital	Share Premium	Retained Earnings	Total Equity
	KShs'000	KShs'000	KShs'000	KShs'000
	(Note 21)	(Note 22)		
As at 1 January 2019	9,974,771	1,967,520	10,723,752	22,666,043
Dividends declared – 2018 (Note 11)	-	-	(818,405)	(818,405)
Profit for the year	-	-	2,534,532	2,534,532
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,534,532	2,534,532
As at 31 December 2019	**9,974,771**	**1,967,520**	**12,439,879**	**24,382,170**
As at 1 January 2020	9,974,771	1,967,520	12,439,879	24,382,170
Dividends declared – 2019 (Note 11)	-	-	(818,405)	(818,405)
Profit for the year	-	-	3,296,532	3,296,532
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	3,296,532	3,296,532
As at 31 December 2020	**9,974,771**	**1,967,520**	**14,918,006**	**26,860,297**

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 KShs'000	2019 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25 (i)	10,074,203	857,812
Tax paid	9 (iii)	(1,347,933)	(1,132,933)
Net cash generated/ (used) in operating activities		**8,726,270**	**(275,121)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(1,692,008)	(1,947,810)
Purchase of intangible assets	15	(28,268)	(63,154)
Interest income on bank deposits	7 (a)	243,660	272,967
Proceeds on disposal of property, plant and equipment		5,300	25,372
Net cash used in investing activities		**(1,471,316)**	**(1,712,625)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest expense on borrowings	7 (b)	(57,297)	(75,046)
Lease liability payments - principal		(203,917)	(253,486)
Lease liability payments - interest		(75,817)	(28,635)
Dividends paid	11 (a)	(818,405)	(818,405)
Net cash used in financing activities		**(1,155,436)**	**(1,175,572)**
Net increase/(decrease) in cash and cash equivalents		6,099,518	(3,163,318)
Effect of exchange rate changes on cash and cash equivalents		(40,529)	(2,899)
Cash and cash equivalents as at 1 January		3,532,961	6,699,178
Cash and cash equivalents as at 31 December	**25 (ii)**	**9,591,950**	**3,532,961**

FINANCIAL STATEMENTS

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

1 SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Kenyan Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings, which is also the Company's functional currency, and rounded to the nearest thousand (KShs' 000), except where otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires directors to exercise judgment in the process of applying the Company's accounting policies. Although these estimates are based on the directors' best knowledge of current events and circumstances, actual results may differ from those estimates. Note 2 below on 'significant accounting judgments and key sources of estimation uncertainty' highlights the areas that involve a higher level of judgement, or where the estimates or assumptions used are significant to the financial statements.

For purposes of reporting under the Kenyan Companies Act, 2015, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

B New and amended standards, interpretations and improvements

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards, interpretations and improvements effective as of 1 January 2020 and 1 June 2020. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The new standards and amendments effective of as of 1 January 2020 and 1 June 2020 are listed below:

- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
- Definition of Material – Amendments to IAS 1 and IAS 8
- The Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – Amendment to IFRS 16

The relevant amendments and interpretations to the Company has been discussed below:-

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. These amendments had no impact on the financial statements of the Company.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. These standards are not expected to have a material impact on the Company's financial statements.

Effective for annual periods beginning on or after 1 January 2022

- Reference to the Conceptual Framework- Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use- Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

Effective for annual periods beginning on or after 1 January 2023

- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current- Amendments to IAS 1

C Revenue from contracts with customers

The Company is in the business of selling of petroleum products and related services. Revenue from contracts with customers is recognised at the time of transfer of control at the point of delivery of the product to the customer or upon collection by the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of the product or service.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls products or services before transferring them to the customer.

FINANCIAL STATEMENTS

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

Sale of petroleum products

Revenue from sale of petroleum products is recognised at the point in time when control of the product is transferred to the customer, generally on collection of the petroleum products by the transporter or upon collection by the customer at the Company's depot. The normal credit terms are 7 days for retail customers and 30 to 45 days on business to business customers upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points), currently none. In determining the transaction price for the sale of the products, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

i. Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring of products to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of petroleum products provide customers with volume rebates. However, there is no right of return. The volume rebates give rise to variable consideration.

• Rights of return

Right of return does not apply for petroleum products since the liability remains with the transporter or the customer as per sales revenue contracts. For non- petroleum products such as solar, the liability remains with the supplier covered by warranties.

• Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates. In the current year, the rebates were in built in the price structure.

ii. Significant financing component

The Company has no significant financing components from its customers.

iii. Non-cash consideration

The Company has no noncash consideration or consideration payable to the customer.

C Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition-date fair values and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and,
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain from a bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration that is within the scope of IFRS 9 is measured at fair value at each reporting date and changes in fair value are recognised in profit or loss. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date and changes in fair value are recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

FINANCIAL STATEMENTS

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

E Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (CGU) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

F Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building- 6 years
- Highway and service station -15 years

ii. *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease contracts is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

G Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated to write off the cost of property, plant and equipment in equal annual instalments over their estimated useful lives.

FINANCIAL STATEMENTS

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

The annual rates in use are:

Freehold land	Nil
Buildings	2% - 15%
Property, plant and machinery	5% - 25%
Furniture, fittings and office equipment	10% - 33.3%

Capital work-in-progress is stated cost less any accumulated impairment losses, if any.

The Company reviews the estimated useful lives, the methods of depreciation and residual values of property, plant and equipment at the end of each reporting period and adjusts them prospectively, if appropriate. During the financial year, no changes to the useful lives and residual values were identified by the directors.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The impairment policy on non-financial assets is discussed under Note 1 (r)

H Intangible assets acquired separately and in business combinations

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The Company did not have any intangible assets with indefinite useful lives.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The impairment policy on non-financial assets is discussed under Note 1 (r).

I Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Impairment of non-current assets held for sale

The Company assesses at each reporting date whether there is objective evidence that non-current assets held for sale are impaired. Non-current assets held for sale are deemed to be impaired if fair value less costs to sell is lower than carrying amounts.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the fair value less costs to sell, and is recognised in profit or loss.

The Company recognises a gain in profit or loss for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been previously recognised. The Company also recognises a gain or loss not previously recognised by the date of the sale of a non-current asset at the date of derecognition.

J Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises purchase price and other costs incurred to bring the inventories to their present location and condition, together with refining costs, as appropriate. For products refined locally, costs are allocated over the refinery output in proportion to the appropriate world market prices. Net realisable value is the estimate of the selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale. Specific provision is made for obsolete, slow moving and defective inventories.

FINANCIAL STATEMENTS

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

K Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables, amount due from related companies and bank and cash balances.

The Company does not have any financial assets classified as fair value through OCI or financial assets at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors, banks and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are provided in the following notes;

- Disclosures for significant accounting judgments and key sources of estimation (Note 2)
- Trade receivables (Note 18)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

FINANCIAL STATEMENTS

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings and amounts due to holding Company and related companies.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified into two categories;

- Financial liabilities at amortised cost (loans and borrowings)
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortised costs (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit or loss. This category generally applies to interest-bearing loans and borrowings.

The Company has not designated any financial liability at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

L Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than Kenyan shillings, the entity's functional currency, i.e. foreign currencies, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

M Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

FINANCIAL STATEMENTS

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

iii. Value Added Tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

iv. Uncertain tax position

The Company uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Company assumes that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Company concludes that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Company concludes that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The method should be based on which method provides better predictions of the resolution of the uncertainty.

N Employee entitlements

i. Retirement benefit costs

The Company operates two defined contribution pension plans: one registered locally and the other registered off-shore for its employees. The assets of the plans are held in separate trustee administered funds. The plans are funded by contributions from both the employees and the Company. Benefits are paid to retiring staff in accordance with the rules of the respective plans.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

Contributions by the Company in respect of retirement benefit costs are charged to profit or loss in the year to which they relate.

ii. Leave

Employee entitlements to annual leave are recognised when they are expected to be paid to employees. A provision is made for the estimated liability for annual leave at the reporting date.

iii. Bonus

An accrual is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee, the obligation can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

O Dividends

Dividends on ordinary and redeemable preference shares are charged to equity in the period in which they are declared.

P Earnings per share

Earnings per share are calculated by dividing the profit after tax by the weighted average number of ordinary shares and redeemable preference shares outstanding during the year.

Q Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

R Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised as an expense immediately.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For all assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

Goodwill

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Further details are contained in Note 1 (e) and 2.

S Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

T Consolidation

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Company has two subsidiary companies, Elf Oil Kenya Limited and Total Marketing Kenya Limited. The two subsidiary companies have not been consolidated as they are dormant and insignificant having transferred their assets and liabilities to Total Kenya Plc.

2 SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities within the next financial year.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key areas of judgement and sources of estimation uncertainty are as set out below:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 December 2020 was KShs 416,679,000 (2019 – KShs 416,679,000) and no impairment loss was recognised during the year. Further details on goodwill are given in Notes 1 (e) and 14.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. In reviewing the useful lives of property, plant and equipment, the Company considers the remaining period over which an asset is expected to be available for use. Management also looks at the number of production or similar units expected to be obtained from the property, plant and equipment. Judgment and assumptions are required in estimating the remaining useful period and estimates of the number of production or similar units expected to be obtained from the property, plant and equipment. Further details on property, plant and equipment are given in Notes 1 (g) and 12.

Contingent liabilities

As disclosed in Note 26 to these financial statements, the Company is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Company incurring the related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for expected credit losses of trade receivables and contract assets

FINANCIAL STATEMENTS

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

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Company's trade receivables and bank balances is disclosed in Notes 18 and 29 (ii).

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

In assessing whether there is any indication that the tangible and intangible assets may be impaired, the Company considers the following indications:

i. there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.

ii. significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

iii. market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

iv. the carrying amount of the net assets of the entity is more than its market capitalisation.

v. evidence is available of obsolescence or physical damage of an asset.

vi. significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite

vii. evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Further details on property, plant and equipment are given in Note 12, goodwill in Note 14, and intangible assets in Note 15.

Income taxes

The Company is subject to income taxes in Kenya. Significant judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Further details on income taxes are disclosed in Notes 9 and 16.

Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency).

The Company's incremental borrowing rate is estimated at the Group level and is dependent on the duration of the lease. The Company's discounting rates are calculated using the Midswap rate of the Group and the country specific premium. Management used rates vary from 7.8% -7.9% depending on the individual leases contract.

FINANCIAL STATEMENTS

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

3 NET REVENUE FROM CONTRACTS WITH CUSTOMERS

The major business of the Company is the sale of petroleum products, with other income comprising less than 5% of the total income. Net sales by business channel are shown below:-

i. Business channels

	2020 KShs'000	2019 KShs'000
General trade	13,790,567	21,494,197
Network	35,470,910	42,044,268
Aviation	4,917,649	2,034,393
Export and bulk	11,252,052	46,304,068
Total net sales	**65,431,178**	**111,876,926**

ii. Geographical analysis

	2020 KShs'000	2019 KShs'000
Local sales	60,295,914	106,768,821
Export sales	5,135,264	5,108,105
Total net sales	**65,431,178**	**111,876,926**

All revenue is recognized at a point in time.

4 COST OF SALES

	2020 KShs'000	2019 KShs'000
Product purchases	50,272,903	97,129,349
Other variable costs	6,101,159	6,136,770
	56,374,062	**103,266,119**

5 OTHER INCOME

	2020 KShs'000	2019 KShs'000
Rental income	914,088	814,236
Commission income	73,605	180,136
Gain on disposal of property, plant and equipment	2,265	20,489
Sundry income*	912,843	481,495
	1,902,801	**1,496,356**

**Sundry income mainly includes the VAT relief received from Kenya Revenue Authority and write back of cylinder deposits and credits as per the Company's policy on the management of liquified petroleum gas business. The cylinder assets relating to these deposits are fully depreciated.*

FINANCIAL STATEMENTS

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

6 OPERATING EXPENSES

	2020 KShs'000	2019 KShs'000
Directors' emoluments – fees [Note 19 (vii)]	8,000	8,100
- other cash emoluments [Note 19 (vii)]	59,318	53,445
Payroll and staff costs [Note 6 (a)]	1,480,531	1,532,812
Depreciation on property, plant and equipment (Note 12)	1,493,210	1,456,764
Depreciation on right-of-use assets (Note 13)	212,872	255,050
Amortisation of intangible assets (Note 15)	26,286	21,913
Repairs and maintenance	579,399	596,026
General assistance [Note 19 (v)]	629,145	461,109
Utilities	449,312	359,148
Expense relating to variable leases	323,609	299,445
Other expenses*	184,444	178,768
Legal and other professional fees	178,233	195,052
Advertising and promotion	333,670	481,731
Travelling	83,310	146,210
Insurance	129,627	127,765
Auditors' remuneration	8,836	7,939
	6,179,802	**6,181,277**

*Other expenses relate mainly to expensed reverse VAT, bank charges, and seminar and conference costs.

A PAYROLL AND STAFF COSTS

	2020 KShs'000	2019 KShs'000
Wages and salaries	1,029,688	1,039,500
Pension costs – defined contribution plan and NSSF	159,041	154,162
Staff medical costs	49,369	45,025
Staff training costs	15,750	14,767
Staff motor vehicle, mileage and other costs	226,683	279,358
Total personnel expenses	**1,480,531**	**1,532,812**
Average number of employees (permanent staff)	**396**	**385**

FINANCIAL STATEMENTS

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

7

A FINANCE INCOME

	2020 KShs'000	2019 KShs'000
Interest income on bank deposits	**243,660**	**272,967**

B FINANCE COSTS

	2020 KShs'000	2019 KShs'000
Interest on short term borrowings	57,297	75,046
Interest expense on lease liability	100,185	108,762
	157,482	**183,808**

C NET FOREIGN EXCHANGE LOSS

	2020 KShs'000	2019 KShs'000
Realised foreign exchange loss	171,394	106,113
Unrealised foreign exchange (gain) /loss	(27,625)	371
Net foreign exchange loss	**143,769**	**106,484**

8 PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

	2020 KShs'000	2019 KShs'000
Staff costs [Note 6 (a)]	1,480,531	1,532,812
Depreciation on property, plant and equipment (Note 12)	1,493,210	1,456,764
Depreciation on right-of-use assets (Note 13)	212,870	255,050
Amortisation of intangible assets (Note 15)	26,286	21,913
Directors' emoluments		
- Fees (Note 6	8,000	8,100
- Other emoluments (Note 6)	59,318	53,445
- Non-cash emoluments [Note 19 (vii)]	28,062	34,037
Auditors' remuneration (Note 6)	8,834	7,939
Net foreign exchange loss [Note 7 (c)]	**143,769**	**106,484**
And after crediting: Gain on disposal of property, plant and equipment (Note 5)	**2,265**	**20,489**

FINANCIAL STATEMENTS

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

9 TAX

i. Tax charge

	2020 KShs'000	2019 KShs'000
Current income tax:		
- Current income tax charge	1,418,923	1,353,888
-Adjustment in respect of tax of previous year	-	33,847
	1,418,923	**1,387,735**
Deferred tax:		
- Relating to origination and reversal of temporary differences [Note 16 (ii)]	57,862	(8,343)
- Adjustment in respect of tax of previous years [note 16 (ii)]	11,257	(32,556)
	69,119	(40,899)
	1,488,042	**1,346,836**

ii. Reconciliation of tax charge to expected tax based on accounting profit

	2020	2019
Accounting profit before tax	4,784,574	3,881,368
Tax at the applicable rate of 30%	1,435,372	1,164,410
Adjustment in respect of tax of previous years	11,257	1,291
Effects of change in rate of tax*	(250,430)	-
Tax effect of expenses not deductible for tax*	291,843	181,135
Tax charge	**1,488,042**	**1,346,836**

**Tax effect of expenses not deductible for tax mainly relate to depreciation on ineligible assets, staff related expenses not allowable for tax and donations.*

iii. Tax (payable)/ recoverable

	2020 KShs'000	2019 KShs'000
Balance at 1 January	34,242	289,044
Adjustment in respect of tax of previous years	-	(33,847)
Charge to profit or loss	(1,418,923)	(1,353,888)
Payments during the year	1,347,933	1,132,933
Balance at 31 December	**(36,748)**	**34,242**

** For the year ended 31 December 2020, the corporation tax was reduced from 30% to 25% as part of Covid-19 pandemic relief measures put in place by the Kenya Government. Corporation tax for the year has been computed at 25%.*

The 30% tax corporation tax rate was reinstated with effect from 1 January 2021. As a consequence, deferred tax has been computed at 30% this being the rate that the deferred tax assets and liabilities would expect to crystallize at.

FINANCIAL STATEMENTS

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

10 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit after tax attributable to shareholders by the weighted average number of ordinary and redeemable preference shares in issue during the year, as shown below:

	2020 KShs'000	2019 KShs'000
Profit after tax	3,296,532	2,534,532
Basic earnings per share		
Weighted average number of ordinary and redeemable preference shares used in the calculation of basic earnings per share (in thousands of shares)	629,542	629,542
Basic and diluted earnings per share (KShs)	5.24	4.03

Diluted earnings per share

The diluted earnings per share is the same as basic earnings per share as there were no dilutive potential instruments outstanding at the end of the reporting year.

11 DIVIDENDS

A Unclaimed dividends

	2020	2019
The movement in unclaimed dividend is as follows:	KShs'000	KShs'000
At 1 January	-	2,290
Final dividend declared 2018 and 2019	818,405	818,405
Dividend paid	(818,405)	(818,405)
Foreign exchange impact on paid dividends	-	(2,290)
Balance at 31 December	-	-

B Dividends declared/proposed in respect of the year

Proposed for approval at the Annual General Meeting (not recognised as a liability as at 31 December):	988,382	818,405
Dividends per share on declared/proposed dividends for the year (based on number of shares per Note 21)	KShs 1.57	KShs 1.30

In respect of the current year, the directors propose that a first and final dividend of KShs 1.57 (2019: KShs 1.30) per share amounting to KShs 988 million (2019: KShs 818 million) be paid to the shareholders.

The dividend is subject to approval by shareholders of the Company at the Annual General Meeting and has not been included as a liability in these financial statements.

Withholding tax

Payment of dividends is subject to withholding tax at a rate of 15% for non-resident shareholders of the Company and 5% for resident shareholders. For resident shareholders of the Company, withholding tax is only deductible where the shareholding is below 12.5%.

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12 PROPERTY, PLANT AND EQUIPMENT

i. Year ended 31 December 2020

	Land and buildings	Property, plant and machinery	Furniture, fittings and equipment	Capital work-in-progress*	Total
COST	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
At 1 January 2020	6,294,878	17,240,900	942,246	810,055	25,288,079
Additions	279,383	564,046	11,427	837,152	1,692,008
Transfers	353,476	430,771	1,077	(785,324)	-
Disposals	(4,577)	(37,575)	(7,255)	-	(49,407)
At 31 December 2020	**6,923,160**	**18,198,142**	**947,495**	**861,883**	**26,930,680**
DEPRECIATION					
At 1 January 2020	2,715,165	10,922,209	823,530	-	14,460,904
Charge for the year	377,673	1,049,706	65,831	-	1,493,210
Reclassification	6,395	(6,604)	209	-	-
Disposals	(1,582)	(37,540)	(7,250)	-	(46,372)
At 31 December 2020	**3,097,651**	**11,927,771**	**882,320**	**-**	**15,907,742**
NET CARRYING AMOUNT					
At 31 December 2020	**3,825,509**	**6,270,371**	**65,175**	**861,883**	**11,022,938**

No items of property, plant and equipment have been pledged as security for liabilities.

ii. Year ended 31 December 2019

	Land and buildings	Property, plant and machinery	Furniture, fittings and equipment	Capital work-in-progress*	Total
COST	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
At 1 January 2019	5,379,022	16,534,064	895,420	580,570	23,389,076
Additions	707,205	439,497	15,193	785,915	1,947,810
Transfers	211,351	311,081	33,998	(556,430)	-
Disposals	(2,700)	(43,742)	(2,365)	-	(48,807)
At 31 December 2019	**6,294,878**	**17,240,900**	**942,246**	**810,055**	**25,288,079**
DEPRECIATION					
At 1 January 2019	2,404,516	9,881,386	762,162	-	13,048,064
Charge for the year	311,303	1,082,167	63,294	-	1,456,764
Disposals	(654)	(41,344)	(1,926)	-	(43,924)
At 31 December 2019	**2,715,165**	**10,922,209**	**823,530**	**-**	14,460,904
NET CARRYING AMOUNT					
At 31 December 2019	**3,579,713**	**6,318,691**	**118,716**	**810,055**	**10,827,175**

No items of property and equipment have been pledged as security for liabilities.

iii. Capital work-in-progress

The capital work-in-progress relates mainly to construction work (e.g. replacement of civil works and remodelling of stations) and technical installations being undertaken by the Company.

There were no borrowing costs capitalised during the year ended 31 December 2020 (2019: Nil).

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Based on an impairment review performed by the directors as at 31 December 2020, no indications of impairment of property, plant and equipment were identified (2019: none).

Commitments to acquire property, plant and equipment as at year end are included in Note 26 (e).

iv. Impact of the Enactment of the Land Registration Act No. 3 2012 on the Company's Land Holding Status

The revised Constitution, enacted on 27 August 2010, introduced significant changes in the landholding by non-citizens. The Constitution no longer allows foreigners and foreign bodies to own freehold land and leasehold land in excess of 99 years. Freehold land and leasehold land of more than 99 years owned by foreigners and foreign bodies automatically became 99 year leases upon enactment of the required legislation under Articles 65 (4) of the revised constitution. These changes in the landholding took effect on 2 May 2012 upon the enactment of the Land Registration Act No. 3 of 2012.

As per the definition in Article 65 (3) of the Constitution, the Company is a non-citizen, since it is not wholly owned by Kenyan citizens, and hence the status of its freehold land changes to 99 years lease.

The Company has assessed the impact of the amended land laws and concluded that they do not impact significantly on these financial statements. Under the International financial reporting standards BC78 (IFRS 16) Leases, a long-term lease of land (for example, a 99-year lease), the present value of the lease payments is likely to represent substantially all of the fair value of the land. The Company currently accounts for its land previously classified as freehold in a similar manner to accounting for the purchase of the land by applying international accounting standards (IAS 16) Property, Plant and Equipment, rather than by applying IFRS 16.

The Company is awaiting for the National Land Commission to issue guidelines that will operationalise the provisions of the constitution and the revised land laws. The Company will continue to reassess the impact of the revised land laws on the financial statements as the guidelines are issued.

13 LEASES

Company as a lessee

The Company has lease contracts for the land for service stations and office premises used in its operations. The lease of office premises has a lease term of six years, while the lease terms for the stations is between ten to thirty years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The lease contracts include extension and termination options.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the year:

	Service stations	Land and Building	Leasehold Land	Total
Cost/ depreciation	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
At 1 January 2019	-	-	-	-
Adoption of IFRS 16 on 1 January 2019	1,809,908	2,169	328,315	2,140,392
Depreciation expense	(254,367)	(683)	-	(255,050)
At 31 December 2019	1,555,541	1,486	328,315	1,885,342
Depreciation expense	(197,119)	(606)	(15,147)	(212,872)
At 31 December 2020	1,358,422	(880)	313,168	1,672,470

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020	2019
	KShs'000	**KShs'000**
As at 1January	1,339,553	1,512,912
Additions	-	-
Accretion of interest	100,185	108,762
Payments	(279,734)	(282,121)

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

	2020 KShs'000	2019 KShs'000
At 31 December	1,160,004	1,339,553
Current portion	311,096	284,044
Non-current portion	848,908	1,055,509
	1,160,004	1,339,553

The following are the amounts recognised in profit or loss:

	2020 KShs'000	2019 KShs'000
Depreciation expense of right-of-use assets (Note 6)	212,872	255,050
Interest expense on lease liability (Note 7)	100,185	108,762
Expense relating to variable leases (included in administrative expenses) (Note 6)	208,540	188,328
Expense relating to short term leases (Note 6)	115,068	111,117
Total amount recognised in profit or loss	**636,665**	**663,257**

The Company had total cash outflows for leases of KShs 279,734,000 in 2020 (2019: KShs 282,121,000), KShs 75,817,000 was for repayment of interest, KShs 203,917,000 being repayment of principal.

The Company has lease contracts that include an extension option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether the extension option is reasonably certain to be exercised. The extension option has been included in the lease term.

Company as a lessor

The Company has entered into sales agreements with the dealers to run service stations. These sales agreements have terms of between 5 to 20 years. The agreements include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised during the year is KShs 914,088,000 (2019: KShs 992,145,000).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2020 KShs'000	2019 KShs'000
Maturing within one year	366,041	320,434
Maturing over one year to five years	1,830,206	1,682,276
Maturing after five years	1,921,716	1,766,390
Total operating lease commitments	**4,117,963**	**3,769,100**

14 GOODWILL

	2020 KShs'000	2019 KShs'000
Cost		
Balance at beginning and end of year	528,879	528,879
Accumulated impairment losses		
Balance at beginning and end of year	(112,200)	(112,200)
Carrying amount	**416,679**	**416,679**

The goodwill is analysed below:

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

A Goodwill arising from acquisition of Elf Oil Kenya Limited

Cost	448,804	448,804
Accumulated impairment losses	(112,200)	(112,200)
	336,604	**336,604**

Goodwill amounting to KShs 448,804,000 arose from the acquisition of a subsidiary, Elf Oil Kenya Limited, in March 2001. With effect from 1 January 2005, the operations of Elf Oil Kenya Limited were merged with those of Total Kenya Plc and this was achieved through a business sale agreement which resulted in the transfer of all Elf Oil Kenya Limited business, assets and liabilities to Total Kenya Plc.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to two cash generating units as follows:

- Network service station operations – cash flows and profits from acquired stations
- Rental fees income generation – fees paid by dealers operating acquired stations

Both units continue to generate positive cash flows and goodwill has been globally allocated to both. The recoverable amount of the cash generating units is based on value-in-use calculation which uses cash flow projections based on annual network business financial budgets and a long-term business plan approved by management covering a five-year period.

The Company has used a five-year period in line with its five-year long-term strategic plan. The calculation of value in use is most sensitive to the following assumptions; throughput volumes, unit margins, rental income, gross margins on variable expenses and direct fixed costs. The projected cash flows have been reassessed to compare the assumptions at initial recognition to the current performance of the cash generating units.

The recoverable amount of the network service stations as a cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 11% per annum (2019: 11% per annum).

At 31 December 2020, no impairment loss was assessed (2019: nil).

B Goodwill arising from acquisition of Total Marketing Kenya Limited

	2020 KShs'000	2019 KShs'000
Goodwill - Cost	**80,075**	**80,075**

Goodwill amounting to KShs 80,075,000 arose from the acquisition of a subsidiary, Total Marketing Kenya Limited, with effect from 1 November 2009. The operations of Total Marketing Kenya Limited were merged with those of Total Kenya Plc and this was achieved through a business sale agreement which resulted in the transfer of all Total Marketing Kenya Limited business, assets and liabilities to Total Kenya Plc.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash generating unit:

Network service stations' operations – cash flows and profits from acquired stations

The recoverable amount of the network service stations as a cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 11% per annum (2019: 11% per annum). The Company has used a five-year period in line with its five-year long-term strategic plan. The calculation of value in use is most sensitive to the following assumptions; throughput volumes, unit margins, depot throughput costs, investment expenditure. The projected cash flows have been reassessed to compare the assumptions at initial recognition to the current performance of the cash generating units.

The directors believe that a 4% per annum growth rate is reasonable in view of the petroleum market projections within the region and, their intention to focus the Company's operations in this market.

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

At 31 December 2020, no impairment loss was assessed (2019: nil).

The two subsidiary companies, Elf Oil Kenya Limited and Total Marketing Kenya Limited are dormant and no longer operational having transferred their assets and liabilities to Total Kenya Plc.

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

15 INTANGIBLE ASSETS

	2020	2019
Cost	**KShs'000**	**KShs'000**
At 1 January	659,397	596,243
Additions	28,268	63,154
At 31 December	687,665	659,397
AMORTISATION		
At 1 January	430,571	408,658
Charge for the year	26,363	21,913
At 31 December	456,934	430,571
NET CARRYING AMOUNT		
At 31 December	**230,731**	**228,826**

16 DEFERRED TAX ASSETS

i. The net deferred tax asset is attributable to the following:

	2020	2019
	KShs'000	**KShs'000**
Accelerated depreciation	68,827	65,976
Leases	8,304	24,507
Unrealised exchange loss	89,016	96,961
Unrealised exchange gain	(124,143)	(124,192)
Leave provision	2,473	31,302
Provision for retirement benefits	15,207	15,207
Bonus provision	8,778	7,037
Inventory provision	14,769	22,787
Legal costs provision	70,265	64,415
Allowance for expected credit losses	154,847	173,462
Net deferred tax assets	**308,343**	**377,462**

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ii. Movement on the deferred tax account is as follows:

	2020 KShs'000	2019 KShs'000
At 1 January	377,462	336,563
Adjustment in respect of previous years' tax (Note 9)	(11,257)	32,556
Deferred tax credit recognized in profit or loss [Note 9 (i)]	(57,862)	8,343
At 31 December	**308,343**	**377,462**

Deferred tax is estimated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2018 - 30%).

17 INVENTORIES

	2020 KShs'000	2019 KShs'000
Refined products	4,520,676	4,955,542
Raw materials	1,760,932	1,559,844
Consumables and accessories	154,706	152,854
	6,436,314	**6,668,240**

As part of the Company's policy, management evaluates the net realisable values of all inventories and writes down inventories to their net realisable values, if necessary, in the books of account to ensure that inventories are fairly stated and reported as per the requirements of the International Financial Reporting Standards (IFRS).

As at 31 December 2020, there was no write down of inventories (2019: nil).

18 TRADE AND OTHER RECEIVABLES

	2020 KShs'000	2019 KShs'000
Trade receivables	8,776,162	8,404,108
Allowance for expected credit losses	(805,005)	(867,055)
	7,971,157	7,537,053
Other receivables and prepayments*	1,778,951	1,936,868
Recoverable taxes**	2,083,677	1,852,832
	11,833,785	**11,326,753**

**Other receivables and prepayments relate to amounts advanced to and recoverable from staff and other advance payments. Other receivables are non-interest bearing and are generally on terms of 60- 90 days.*

***Recoverable taxes relate to advance import duties on petroleum products and value added tax.*

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

Amounts receivable from KPRL

Included in trade and other receivables are amounts receivable from KPRL related to the values of fuel products and yield shifts of fuel owed to the Company by KPRL. These amounts have been classified as trade and other receivables. The classification was necessitated by ongoing discussions on the modalities of the recovery of the amounts as discussed below.

The carrying amount of these amounts has not been separately disclosed since there are ongoing discussions involving several other parties and doing so may compromise the Company's capacity to recover the full amount of the receivable.

The amounts arose prior to 2013. In 2012, KPRL changed its mode of operations from Toll Mode to Merchant Mode and then to hospitality services where it receives, stores and delivers fuel products on behalf of its clients. At the time of the change to Merchant Mode, KPRL had yield shift balances and fuel inventories owing to the Oil Marketing Companies (OMCs).

Subsequently, in 2013, OMCs and KPRL, under the direction of Ministry of Energy (currently, Ministry of Petroleum and Mining), agreed to carry out a forensic audit of the fuel inventory balances including yield shifts with KPRL.

As part of the forensic audit procedures, KPRL confirmed to the Company their fuel balances and yield shifts which were then reconciled to the books of account and the balances reported in the forensic audit report.

As at 31 December 2020, the Company had taken appropriate measures together with other OMCs to recover the value of this receivable. These measures include ongoing discussions with KPRL, the Ministry of Petroleum and Mining and the Energy and Petroleum Regulatory Authority (EPRA) to agree on the modalities of how and when the value of the yield shifts and fuel inventories at KPRL will be refunded.

As at 31 December 2020, management is confident that the full value of these balances of yield shifts and fuel inventories under the custody of KPRL is fully recoverable and no further adjustment is required.

Allowance for expected credit losses

As at 31 December 2020, trade receivables of an initial value of KShs 805,005,000 (2019: KShs 867,055,000) were impaired and fully provided for. See below for the movement in the provision for impairment of receivables.

	2020 KShs'000	2019 KShs'000
At 1 January	(867,055)	(839,862)
Increase allowance for expected credit losses in the year	-	(65,862)
Write back of expected credit losses	62,050	38,669
Net allowance for expected credit losses	62,050	(27,193)
At 31 December	**(805,005)**	**(867,055)**

19 RELATED PARTY TRANSACTIONS AND BALANCES

The parent Company is Total Outre-Mer while the ultimate holding Company is Total SA, both incorporated in France.

There are other companies which are related to Total Kenya Plc through common shareholding.

Outstanding balances arising from sale and purchase of goods and services to/from related companies at the year-end are as follows:

i. Amounts due from related companies

	2020 KShs'000	2019 KShs'000
Air Total International SA	343,266	184,495
Total Uganda Limited	755,926	881,750
Gapco Kenya Limited	188,780	206,517

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	2020 KShs'000	2019 KShs'000
Total Outre-Mer	58,733	101,826
Total RDC S.A.R.L	13,658	16,646
Total Tanzania Limited	47,151	83,311
Other related companies*	42,084	19,528
	1,449,598	1,494,073

*Other related companies are subsidiaries of Total Outre-Mer.

ii. Amounts due to related companies

	2020 KShs'000	2019 KShs'000
Total Marketing Services	27,106	117,890
Gapco Kenya Limited	58,120	319,335
Total Supply MS SA	7,997	32,037
Total Uganda Limited	98,764	22,757
Total Tanzania Limited	14,705	-
Total Access to Energy Solutions	31,236	-
Total Gestion Internationale SA and Total Global Procurement*	14,370	111,525
Total Marketing Middle East FZE	503	40,639
Others*	21,989	-
	274,790	644,183

iii. Amounts due to holding Company

Total Outre-Mer	1,725,080	2,398,488

iv. Financial overdraft from related party

Financial overdraft from Total Treasury (Note 24)	-	748,587

Financial overdraft from related Company relates to an overdraft from Total Treasury. Additional disclosures for the financial overdraft are in Note 24.

v. Transactions with related companies

	2020 KShs'000	2019 KShs'000
Purchases of petroleum products from the holding Company	9,941,194	45,877,909
Purchases of petroleum products from other related companies	1,495,354	5,067,702
Revenue on sale of petroleum products to related companies	2,386,413	8,246,082
General assistance (Note 6)	629,145	461,109

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

vi. Key management compensation

The remuneration of directors and other members of key management were as follows:

	2020 KShs'000	2019 KShs'000
Salaries and other short-term employment benefits	178,736	202,605
Post-employment benefits	7,754	7,560
	186,490	**210,165**

vii. Directors' remuneration

The remuneration of directors and other members of key management were as follows:

	2020 KShs'000	2019 KShs'000
Fees for services as a director	8,000	8,100
Other emoluments		
Salaries and other short-term employment benefits		
- Cash emoluments including pension	59,318	53,445
- Non-cash emoluments	28,062	34,037
	87,380	87,482
	95,380	**95,582**

Non-cash emoluments mainly relate to house, vehicle, telephone, utilities and domestic employees.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees or commitments received or provided for any related party receivables or payables. For the year ended 31 December 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related companies (2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related companies and the market in which the related companies operates

20 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2020 KShs'000	2019 KShs'000
Property, plant and equipment	22,324	22,324
Prepaid operating leases	2,040	2,040
	24,364	**24,364**
The movement in the non-current assets classified as held for sale is as follows:		
At 1 January	24,364	24,364
Disposed during the year	-	-
At 31 December	**24,364**	**24,364**

Non-current assets classified as held for sale relate to an interest in a joint facility (Nairobi Joint Depot) that is to be disposed of following the purchase of Total Marketing Kenya Limited by Total Kenya Plc (Note 1(t)).

The assets were initially classified as assets held for sale in 2010 after purchase of Total Marketing Kenya Limited in 2009.

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There have been discussions with the partner in the joint facility to purchase the interest, which was gazetted as required by the Competition Authority of Kenya.

The Company is committed to its plan to dispose of these assets.

No impairment loss was recognized on assets classified as held for sale as at 31 December 2020 as the expected proceeds on disposal exceed the net carrying amounts of the assets.

21 SHARE CAPITAL

	2020 KShs'000	2019 KShs'000
Authorised ordinary shares		
181,630,000 ordinary shares of KShs 5 each	908,150	908,150
Authorised redeemable preference shares		
123,478,388 shares of KShs 31.58 each	3,899,447	3,899,447
Authorised redeemable preference shares		
330,999,364 shares of KShs 15.71 each	5,200,000	5,200,000
Issued ordinary share capital	875,324	875,324
Issued redeemable preference share capital	9,099,447	9,099,447
	9,974,771	9,974,771

Issued capital comprises:

	2020	2019
175,064,706 fully paid ordinary shares of KShs 5 each	875,324	875,324
123,478,388 fully paid redeemable preference shares of KShs 31.58 each	3,899,447	3,899,447
330,999,364 fully paid redeemable preference shares of KShs 15.71 each	5,200,000	5,200,000
	9,974,771	9,974,771

Fully paid ordinary and preference shares

	2020		2019	
	Number of shares	Share capital	Number of shares	Share Capital
	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary shares	175,065	875,324	175,065	875,324
Redeemable preference shares	454,477	9,099,447	454,477	9,099,447
At 31 December	629,542	9,974,771	629,542	9,974,771

The fully paid ordinary shares, which have a par value of KShs 5, carry one vote per share and carry a right to dividends.

The redeemable non-cumulative preference shares, which have issue prices of KShs 31.58 and KShs 15.71, do not have any voting rights but have the same rights to dividends as the ordinary shares. The right to redemption of the redeemable preference shares is at the discretion of the Company hence they have been classified as equity.

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22 SHARE PREMIUM

	2020 KShs'000	2019 KShs'000
As at 1 January and 31 December	**1,967,520**	**1,967,520**

This is a non-distributable reserve as per the requirements of the Kenyan Companies Act, 2015.

The share premium is the excess of the cash received for ordinary shares above the par value of KShs 5.

23 TRADE AND OTHER PAYABLES

	2020 KShs'000	2019 KShs'000
Trade payables	10,639,398	6,131,233
Other payables and accruals	2,290,855	1,920,490
Total payables	**12,930,253**	**8,051,723**
Classified as:		
Non-current – trade payables	756,621	855,280
Non-current – provisions	234,217	214,717
Current – trade and other payables	11,939,415	6,981,726
	12,930,253	**8,051,723**

PROVISIONS FOR LEGAL MATTERS

	2020 KShs'000	2019 KShs'000
At beginning of year	214,717	222,270
Additional provisions	60,000	60,000
Paid during the year	(40,500)	(67,553)
At end of year	**234,217**	**214,717**
Categorized as:		
Current portion	-	-
Non-current portion	**234,217**	**214,717**

In the ordinary course of its business, the Company is involved in a certain number of litigation proceedings. The Company is also subject to a number of claims and lawsuits which arise in the ordinary course of its business. The amount of provisions made is based on the Company's assessment of the basis for the claims and the level of risk on a case-by-case basis.

Terms and conditions of the trade and other payables

Trade payables are non-interest bearing and are normally settled on a 30-day terms. Interest is only charged on trade payables due to purchase of petroleum products at rates set by the Open Tender Supply (OTS) agreement. Other payables are non-interest bearing and have an average term of six months.

Non-current payables mainly relate to LPG cylinder deposits and legal risk provisions.

The Company writes back, to other income, any Cylinder deposits that is more than 7 years.

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

24 SHORT TERM BORROWINGS

	2020 KShs'000	2019 KShs'000
Financial overdraft – from Total Treasury [Note 19 (iv)]	-	748,587

Financial overdraft – from Total Treasury

The Company had no overdraft from a related Company, Total Treasury at year end [2019: (KShs 748,587)]. The 2019 financial overdrafts interest was pegged to the Libor plus a margin. No collateral is held for this facility. As at 31 December 2020, the unutilized overdraft from Total Treasury is disclosed in Note 29 (iii).

Bank overdraft – from local banks

Bank overdraft facilities are held with various financial institutions and are unsecured. The facilities are operated within designated limits and under the terms and conditions stipulated by the financial institutions. The facilities interest rates are pegged on the Central Bank Base Rate plus a premium of 1%. As at 31 December 2020, the Company had not utilized the available bank overdraft facility. The facility is available as disclosed in Note 29 (iii).

25 NOTES TO THE STATEMENT OF CASH FLOWS

i. Reconciliation of profit before tax to cash generated from operations

	Note	2020 KShs'000	2019 KShs'000
Profit before tax		4,784,574	3,881,368
Adjustments for:			
Effect of exchange rate changes on cash and cash equivalents		40,529	2,899
Finance income	7 (a)	(243,660)	(272,967)
Finance costs	7 (b)	157,482	183,808
(Decrease)/increase in allowance for expected credit losses in the year	18	(62,050)	27,193
Foreign exchange difference on dividends paid	11	-	(2,290)
Provisions for legal matters	23	60,000	60,000
Other provisions relating to inventories		(59,479)	(118,530)
Leave provision		(96,097)	9,114
Bonus provision		5,804	2,893
Depreciation on property, plant and equipment	12	1,493,210	1,456,764
Depreciation on right-of-use assets	13	212,872	255,050
Amortisation of intangible assets		26,363	21,913
Gain on disposal of property, plant and equipment	5	(2,265)	(20,489)
Operating profit before working capital changes		6,317,283	5,486,726
Decrease in inventories		291,405	3,366,965
Increase in trade and other receivables		(444,982)	(2,524,065)
Increase/ (decrease) in trade and other payables		4,949,323	(1,268,657)
Decrease in amounts due to holding Company		(673,408)	(4,717,211)
Decrease in amounts due from related companies		44,475	96,387
(Decrease)/ Increase in amounts due to related companies		(369,393)	485,220

FINANCIAL STATEMENTS

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

	Note	2020 KShs'000	2019 KShs'000
Legal provisions paid	23	(40,500)	(67,553)
Cash generated from operations		**10,074,203**	**857,812**

ii. Analysis of cash and cash equivalents

Cash and bank balances		9,591,950	4,281,548
Financial overdraft – from Total Treasury	24	-	(748,587)
		9,591,950	**3,532,961**

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand and in banks, short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired, net of outstanding financial and bank overdrafts.

26 CONTINGENT LIABILITIES AND COMMITMENTS

A Legal matters

The Company is involved in a number of legal proceedings which are yet to be concluded upon. Management has evaluated the pending cases and determined that no material liabilities are likely to arise from these cases which arose in the normal course of business. The Company has an in-house Legal Department that assessed the court cases in arriving at the above conclusion.

B Commitments

	2020 KShs'000	2019 KShs'000
Total commitments given	963,699	682,301
Total commitments received	1,844,571	1,716,037

Commitments given include primarily customs bonds. The bonds are held in the ordinary course of business. No losses are anticipated in respect of these contingent liabilities. Commitments received include primarily customer guarantees. Commitments received/given are all held with local banks.

C Contingent liability relating to parent Company

An amount of KShs 265 million (USD 2,427,388) exists as at 31 December 2020 (2019: KShs 246 million (USD 2,427,388) for an unsettled invoice from the parent Company, Total Outre-mer, and has not been booked in the Company's books as the goods were not received by the Company. The amount relates to shipping costs of crude oil imported by the Company from Total Outre-Mer that was rejected by Kenya Petroleum Refinery Limited (KPRL). The ultimate liability lies with KPRL and not with the Company. Management is keenly following up on the matter and is of the view that the ultimate resolution of this matter will not have any impact on the Company's financial position or liquidity.

D Contingent liability relating to tax matters

As per the Kenyan taxation laws, the Company is subject to tax evaluations of its direct and indirect taxation affairs by the taxation authorities, and in connection with such review tax assessments can be issued.

The Kenya Revenue Authority (KRA) issued tax assessments of KShs 914 million covering the periods 2009 to 2018 in respect to withholding tax on services received from French related companies. In accordance with local tax legislation, the Company appealed to the Tax Appeal Tribunal (TAT). TAT ruled and referred the matter to Mutual Agreement Procedures (MAP) between the Kenya and French governments as provided for by Double Tax Agreement. The KRA appealed the decision of TAT with the High Court. The Company on the other hand, wrote to the Ministry of Finance requesting them to initiate MAP process. The Company is yet to hear back from the Ministry of Finance. As at the date of approval of these financial statements the MAP process had not commenced.

Management is keenly following up on the matter with the assistance of professional advice and is of the view that the ultimate resolution of this matter will not have any impact on the Company's financial position or liquidity and as a result, no provision has been made in these financial statements.

FINANCIAL STATEMENTS

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

E Capital commitments

	2020 KShs'000	2019 KShs'000
Authorised and contracted for	222,677	1,002,510
Authorised but not contracted for	1,816,499	1,817,805

Capital commitments relates to the approved capital expenditures to be carried out in the following year.

27 RETIREMENT BENEFIT PLANS

The Company operates a defined contribution retirement plan for all qualifying employees. The assets of the plan are held separately from those of the Company in funds under the control of trustees. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Also, the Company contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the statutory scheme are determined by local statute. Contributions to this scheme during the year amounted to KShs 5,054,000 (2019: KShs 5,394,600).

The total expense recognised in profit or loss for the year of KShs 159,041,000 (2019: KShs 154,162,000) represents contributions payable to the plan by the Company at rates specified in the rules of the plan.

28 CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2019.

The capital structure of the Company consists of debt, which includes borrowings disclosed in Note 24, less bank and cash balances and equity attributable to equity holders, comprising issued capital, share premium as disclosed in Notes 21 and 22 and retained earnings.

Gearing ratio

The gearing ratio at the end of the year was as follows:

	Note	2020 KShs'000	2019 KShs'000
Short term borrowings	24	-	748,587
Bank and cash balances	25 (ii)	(9,591,950)	(4,281,548)
Net (cash)		**(9,591,950)**	**(3,532,961)**
Equity*		**26,860,297**	**24,382,170**
Net debt to Equity ratio		**-**	**-**

***Equity includes capital and reserves.**

29 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise trade and other payables, amounts due to holding Company, amounts due to related companies and short-term borrowings. The main purpose of these financial liabilities is to finance the Company's operations and provide guarantees to support its operations.

The Company's financial assets include trade and other receivables, amounts due from related companies and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Group corporate treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks.

The Company's treasury function reports monthly to the Group's treasury, a section of the Group that monitors risks and policies implemented to mitigate risk exposures. The Group's treasury reviews and agrees policies for managing each of these risks which are summarized below.

FINANCIAL STATEMENTS

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

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk that affects the Company is foreign currency risk and interest rate risk.

Financial instruments affected by market risk include trade and other receivables, bank balances, trade and other payables, short term borrowings and deposits with financial institutions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and certain monetary assets and liabilities denominated in foreign currencies mainly trade and other receivables, bank balances, short term borrowings, trade and other payables and amounts due to and due from related companies.

To manage the foreign currency risk, the Company maintains bank accounts in foreign currencies, mainly US dollars and Euro, to facilitate transactions in foreign currency. The Company also negotiates with its bankers to get favourable exchange rates when converting foreign currencies to the Kenya shilling. The Company also purchases its products mainly in US Dollars and mainly buys US Dollars via spot deals.

There has been no change to the Company's exposure to market risks or the manner in which it measures and manages the risk.

The main currency exposure relates to the fluctuation of the Kenya Shillings exchange rates against the US Dollar and Euro.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	EUR	USD	Total
	KShs'000	KShs'000	KShs'000
31 December 2020			
Assets			
Trade and other receivables	-	295,039	295,039
Amounts due from related companies	-	1,449,598	1,449,598
Bank balances	308,761	1,635,697	1,944,458
Total assets	308,761	3,380,334	3,689,095
Liabilities			
Trade and other payables	(631,920)	(1,485,913)	(2,117,833)
Amounts due to holding and related companies	(646,500)	(1,353,370)	(1,999,870)
Total liabilities	(1,278,420)	(2,839,283)	(4,117,703)
Net exposure	**(969,659)**	**541,051**	**(428,608)**
31 December 2019			
Assets			
Trade and other receivables	-	844,260	844,260
Amounts due from to related companies	-	1,494,073	1,494,073
Bank balances	112,833	583,011	695,844
Total assets	112,833	2,921,344	3,034,177
Liabilities			
Trade and other payables	-	(30,730)	(30,730)
Amounts due to holding and related companies	-	(3,042,671)	(3,042,671)
Bank balances	-	(748,587)	(748,587)
Total liabilities	-	(3,821,988)	(3,821,988)

FINANCIAL STATEMENTS

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

	EUR	USD	Total
	KShs'000	KShs'000	KShs'000
Net exposure	112,833	(900,644)	(787,811)

The following sensitivity analysis shows how profit and equity would (decrease)/ increase if the Kenya Shilling had depreciated against the other currencies by 10% at the end of the reporting period with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

The US Dollar impact is mainly attributable to the exposure on outstanding US Dollar trade and other receivables, bank balances, amounts due to and from related companies and trade and other payables at the year-end. The Euro impact is mainly attributable to the exposure on outstanding Euro bank and trade payables balances at the year-end.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

	Profit or loss before tax		**Equity**	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
USD impact	54,105	(90,064)	37,874	(63,045)
Euro impact	(96,966)	11,283	(67,876)	7,898

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The carrying amounts of the Company's financial instruments with exposures to interest rates risk are as below:

	2020	**2019**
	KShs'000	**KShs'000**
Short term borrowings (Note 24)	-	748,587

Interest rate sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 10% higher/lower and all other variables were held constant, the Company's profit before tax for the year ended 31 December 2020 would not be impacted (2019: by KShs 1.871 million) and the Company's equity would not be impacted (2019: by KShs 1,310 million).

ii. Credit risk

Credit risk refers to the risk of financial loss to the Company arising from a default by counterparty on its contractual obligations. The Company's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available. If not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' ability to service the credit advanced to them and, where appropriate, credit guarantee is requested.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Cash deposits

Credit risk from balances with banks is managed by the Company's Finance Treasury Section in accordance with the Company's policy. Investments of surplus

FINANCIAL STATEMENTS

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

funds are made only with approved banks and within credit limits assigned to each bank. Bank credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a bank's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2020 and 31 December 2019 is the carrying amounts of its financial assets as illustrated below.

The Company's maximum exposure relating to financial guarantees is also included in the table. The Company's maximum exposure to credit risk as at 31 December 2020 and 31 December 2019 is analysed in the table below:

31 December 2020

	Total KShs'000
Amounts due from related companies	1,449,598
Trade receivables	
Network	1,920,033
Non-network	6,051,124
	7,971,157
Other receivables	1,486,976
Bank balances	9,591,268
Financial guarantees given	963,699
	21,462,698

31 December 2019

	Total KShs'000
Amounts due from related companies	1,494,073
Trade receiveabe	
Network	1,878,220
Non-network	5,658,833
	7,537,053
Other receivables	1,789,426
Bank balances	4,280,872
Financial guarantees given	682,301
	15,783,725

Bank guarantees and cash deposits are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2020, 25.9% (2019: 24.4%) of the trade receivables are covered by bank guarantees and cash deposits. These credit enhancements obtained by the Company resulted in a decrease in the expected credit loss of KShs 274,713,000 as at 31 December 2020 (2019: KShs 92,993,000).

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

31-Dec-20

		Trade receivables Days past due				
	Current days KShs'000	< 30 days KShs'000	30–60 days KShs'000	61-90 days KShs'000	> 91 days KShs'000	Total KShs'000
Expected credit loss rate (%)	0.02%	5.03%	11.40%	16.69%	50.38%	-

FINANCIAL STATEMENTS

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

		Trade receivables Days past due				
	Current days KShs'000	< 30 days KShs'000	30–60 days KShs'000	61-90 days KShs'000	> 91 days KShs'000	Total KShs'000
Estimated total gross carrying amount at default	6,928,945	191,296	50,253	61,948	1,543,720	8,776,162
Expected credit loss	1,662	9,625	5,727	10,341	777,650	805,005

31-Dec-19

		Trade receivables Days past due				
	Current days KShs'000	< 30 days KShs'000	30–60 days KShs'000	61-90 days KShs'000	> 91 days KShs'000	Total KShs'000
Expected credit loss rate (%)	0.05%	1.28%	3.97%	10.22%	48.8%	-
Estimated total gross carrying amount at default	4,548,308	1,515,997	438,933	258,583	1,642,287	8,404,108
Expected credit loss	2,324	19,387	17,423	26,417	801,504	867,055

Collateral held on trade receivables

The Company holds collateral against credit advanced to customers in the form of cash deposits and bank guarantees. Estimates of fair value are based on the value of collateral assessed at the time of advancing the credit and generally are not updated except when a receivable is individually assessed as impaired.

Collateral is usually not held against bank balances and amounts due from related companies, and no such collateral was held at 31 December 2020 or 2019.

Management assessed that the fair value of the collaterals – cash deposits and bank guarantees approximate their carrying amounts largely due to the short-term maturities of these instruments.

An estimate of the fair value of collateral held against financial assets is shown below:

Fair value of collateral held against trade receivables as at 31 December 2020 was:

	2020 KShs'000	2019 KShs'000
Cash deposit collateral		
Network	757,448	734,338
Non-network	363,474	389,749
Bank guarantees collateral		
Network	156,700	201,810
Non-network	1,679,101	1,490,527
Total	**2,956,723**	**2,816,424**

There is no collateral held against cash and cash equivalents

FINANCIAL STATEMENTS

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

ii. Liquidity risk

This is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management includes maintaining sufficient cash to meet the Company's obligations.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in financing facilities section of this note, is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financing facilities	2020 KShs'000	2019 KShs'000
Unsecured overdraft, including financial overdraft from Total Treasury, payable on call and reviewed annually		
Amount used	-	748,587
Amount unused – Total Treasury	10,904,000	11,248,000
Amount unused – local banks	18,832,000	19,107,000

The following table analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

At 31 December 2020

	Up to 1 month KShs'000	1-3 months KShs'000	4-12 months KShs'000	> KShs'000	Total KShs'000
Trade and other payables current	10,082,536	507,995	186,126	-	10,776,657
Amounts due to holding and related companies	1,791,115	-	-	208,755	1,999,870
Lease liability	47,513	20,776	245,036	1,222,379	1,535,704
Financial guarantees given	-	-	963,699	-	963,699
Total financial liabilities	**11,921,164**	**528,771**	**1,394,861**	**1,431,134**	**15,275,930**

At 31 December 2019

	Up to 1 month KShs'000	1-3 months KShs'000	4-12 months KShs'000	> KShs'000	Total KShs'000
Trade and other payables current	5,971,296	154,538	93,338	-	6,219,172
Amounts due to holding and related companies	2,833,916	-	-	208,755	3,042,671
Lease liability	6,590	9,684	263,461	1,535,704	1,815,439
Financial guarantees given	-	-	682,301	-	682,301
Total financial liabilities	**8,811,802**	**164,222**	**1,039,100**	**1,744,459**	**11,759,583**

30 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - unobservable inputs for the asset or liability.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

As at 31 December 2020, there were no assets and liabilities that are recognised in the financial statements at fair value.

Management assessed that the fair value of financial instruments including trade and other receivables, amounts due from related companies, cash and cash equivalents, trade and other payables, amounts due to holding Company, amounts due to related companies and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

31 INCORPORATION

Total Kenya Plc is a limited liability Company incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The parent Company is Total Outre-Mer while the ultimate holding Company is Total S.A, both incorporated in France.

32 EVENTS AFTER THE REPORTING PERIOD

The entire world is facing a major crisis following the spread of the Covid-19 pandemic leading to lockdowns aimed at containing the spread. This has had an impact on economies and businesses.

In Kenya, the Government announced lockdown and restrictions as a counter - measure against the spreading of Covid-19. By the year-end, some of the restrictions had been eased. As an essential service provider, the Company continued operations during the lockdown period. Consequently, the Company's financial performance remained strong amidst the pandemic.

The decrease in sales revenues as a result of lower bulk sales through the open tender system (OTS), did not overally impact the Company's performance.

The Covid-19 pandemic continues to affect the economy, businesses and peoples' way of life at the time of issuing these financial statements. The directors expect that considering that the Company is an essential service provider, the Company's operations will continue despite the disruption caused by the pandemic. The directors have also assessed that:

- No adjusting events or conditions existed at the reporting date affecting the financial statements.
- The going concern status of the Company will not be affected by this event in the foreseeable future and the Company will continue to operate as a going concern.
- Customer credit risk is not expected to increase further. Management will continue to closely monitor customer segments to ensure that exposures are mitigated.
- There are no conditions that would warrant impairment of non-financial assets. There are no significant financial assets measured at fair values that would materially impact the performance of the Company.

The directors and management will continue to prioritise investment in profitable projects, support dividend and maintain a strong balance sheet.

There are no events that have occurred after the reporting period which require adjustments to, or disclosure, in the financial statements.


TOTAL
QUARTZ
9000
5W-40
ACEA A3/B4
API SN/CF
ULTIMATE PROTECTION
GASOLINE DIESEL
ADVANCED SYNTHETIC TECHNOLOGY
ENGINE OIL
AGE-RESISTANCE

APPENDIX 1

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS					
Non-current assets					
Property, plant, equipment, and leases	12,695,408	12,712,517	11,032,442	10,708,362	9,895,169
Goodwill	416,679	416,679	416,679	416,679	416,679
Intangible assets	230,731	228,826	187,585	72,805	74,779
Deffered tax asset	308,343	377,462	336,563	335,743	419,295
Total non-current assets	**13,651,161**	**13,735,484**	**11,973,269**	**11,533,589**	**10,805,922**
Current assets					
Inventories	6,436,314	6,668,240	9,916,675	12,461,179	12,080,556
Trade and other receivables	13,283,383	12,855,068	10,645,435	11,174,354	9,749,124
Cash and cash equivalents	9,591,950	4,281,548	6,699,178	2,818,629	3,525,406
Total current assets	**29,311,647**	**23,804,856**	**27,261,288**	**26,454,162**	**25,355,086**
Assets classified as held for sale	24,364	24,364	24,364	24,364	24,364
	29,336,011	**23,829,220**	**27,285,652**	**26,478,526**	**25,379,450**
TOTAL ASSETS	42,987,172	37,564,704	39,258,921	38,012,115	36,185,372
EQUITY AND LIABILITIES					
Equity					
Share capital	9,974,771	9,974,771	9,974,771	9,974,771	9,974,771
Share premium	1,967,520	1,967,520	1,967,520	1,967,520	1,967,520
Retained earnings	14,918,006	12,439,879	10,723,752	9,474,928	7,406,999
Total equity	**26,860,297**	**24,382,170**	**22,666,043**	**21,417,219**	**19,349,290**
Non-current liabilities					
Trade and other payables	1,839,746	2,125,506	1,188,711	1,339,206	1,426,434
Total Non-current liabilities	**1,839,746**	**2,125,506**	**1,188,711**	**1,339,206**	**1,426,434**
Current liabilities					
Trade and other payables	14,287,129	10,308,441	15,404,167	10,087,337	11,605,416
Short term borrowings		748,587	0	5,168,353	3,804,232
Total current liabilities	**14,287,129**	**11,057,028**	**15,404,167**	**15,255,690**	**15,409,648**
TOTAL EQUITY AND LIABILITIES	42,987,172	37,564,704	39,258,921	38,012,115	36,185,372

APPENDIX 2

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Gross sales	97,351,821	143,990,455	136,678,235	137,096,919	110,582,420
Indirect taxes and duties	-31,920,643	-32,113,529	-28,765,461	-25,673,365	-21,521,496
Net sales	**65,431,178**	**111,876,926**	**107,912,774**	**111,423,554**	**89,060,924**
Cost of sales	-56,374,062	-103,266,119	-99,560,337	-103,171,526	-81,209,334
Gross Profit	**9,057,116**	**8,610,807**	**8,352,437**	**8,252,028**	**7,851,590**
Operating expenses and other income	-4,214,951	-4,712,114	-4,882,298	-4,316,300	-4,031,357
Finance (costs) / income and net foreign exchange (loss) / gain	-57,591	-17,325	128,385	196,088	115,130
Profit / (loss) beore tax	**4,784,574**	**3,881,368**	**3,598,524**	**4,131,816**	**3,935,363**
Taxation	-1,488,042	-1,346,836	-1,285,942	-1,393,600	-1,701,071
Profit / (loss) for the year	3,296,532	2,534,532	2,312,582	2,738,216	2,234,292

NOTES

NOTES

PROXY FORM

I/We………

of ……………………………………………Being a Member of the above Company, hereby appoint:………………………………………

of………………………………………………… ID No……………………………………………………………………………………

My/our proxy, to vote for me/us and on my/our behalf at the Virtual Annual General Meeting of the Company to be held electronically on Friday, 25th June 2021 and at any adjournment thereof.

As witness by my/our hand this ……………………………day of ……………………………………………………… 2021

Signed ……………………………………………………………………… Signed ……………………………………………………

I/We direct my/our proxy to vote on the following resolutions by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/We authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matter which is properly put before the meeting.

Please clearly mark the box below to instruct your proxy how to vote

Resolution	For	Against	Withheld
Adoption of the minutes of the Sixty Sixth Annual General Meeting held on 26 June 2020			
Adoption of the audited Financial Statements for the year ended 31 December 2020 together with the Chairman's Statement and the reports of the Directors and the Auditors			
Approval of the payment of a first and final dividend of Kshs 1.57/- per share in respect of the Financial Year ended 31 December 2020			
Approval of Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31 December 2020			
Re-election of Mr Joseph Karago as a Director of the Company			
Re-election of Ms Margaret Shava as a Director of the Company			
Appointment of Board Audit Committee comprising the following Members:- a) Mr Joseph Karago b) Ms Margaret Shava c) Mr Maurice Odhiambo K'Anjejo d) Mr. Paul-Henri Assier de Pompignan			
Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorization of the Board to fix the Auditors' Remuneration for the ensuing financial year			
Amend articles 54 (2) and 87 (3) of the Company's Articles of Association by a Special Resolution and the amended articles to read as follows:- ▪ 54 (2) "A meeting of the Board shall be held at the head office of the Company or at such other location contained in the notice convening the meeting. The meetings may be held either by means of physical, hybrid or conference call, internet, voice over internet protocol, electronic or other communication facilities or channels permitting all persons participating in the meeting to communicate adequately during the meeting, allows for simultaneous communication and is capable of being recorded and such participation shall constitute a presence of a quorum at a meeting of the Directors as if those participating were present in person." ▪ 87 (3) "The Board may determine the place and time at which the Members meet and the manner in which General meetings are coordinated. General meetings may be held either physically or by use of technology and electronic communication such as video conferencing, webinars, teleconferencing and any such other technology or a hybrid of both physical and virtual meetings provided that the channels permitted allows all persons to participate, vote and communicate adequately during the meeting and is capable of being recorded and such participation shall constitute a presence of a quorum at a meeting of the Members as if those who were participating were present in person."			
Change of Company's Name "That subject to approval by the relevant authorities, the name of the Company be and is hereby changed from Total Kenya PLC to TotalEnergies Marketing Kenya PLC"			

PROXY FORM

Full Name of Member(s): ....

Address ....

CDSC No .... Mobile Number..

I/We hereby give my/our consent for use of the mobile number provided for purposes of the AGM.

Signature (s) (i).. (ii)..

Note:

1. In accordance with Section 298 of the Companies Act, 2015, a Member entitled to attend and vote is entitled to appoint a proxy to attend, to speak and to vote on his/her behalf and a proxy need not be a member of the Company.
2. .In the case of a member being a Limited Company, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. A duly completed proxy Form should be emailed to info@image.co.ke or hand delivered to Image Registrars Ltd, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi so as to be received not less than 48 hours before the time of holding the meeting or any adjournment thereof.

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Total is a major energy player, which produces and markets fuels, natural gas and low-carbon electricity. Our 100,000 employees are committed to better energy that is safer, more affordable, cleaner and accessible to as many people as possible. Active in more than 130 countries, our ambition is to become the responsible energy major.

TOTAL

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