TotalEnergies Marketing Kenya PLC

ANNUAL REPORT & FINANCIAL STATEMENTS **2022**

TotalEnergies

ABOUT US

TotalEnergies Marketing Kenya Public Limited Company (PLC) 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.

OUR AMBITION

Become the responsible energy major.

OUR VISION

To be recognized as the benchmark for safety in the Kenyan industry.

To be the trusted partner of all our customers, by listening to them and actively supporting them in their own transitions towards more responsible energies and mobility.

To be a leader in value creation for society generating shared prosperity and return to our stakeholders.

OUR MISSION

The purpose of TotalEnergies Marketing Kenya PLC is to market quality products and energy solutions to its customers that are more affordable, cleaner, more reliable and that are less and less carbon intensive while ensuring Safety in all operations and day-to-day business.

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Corporate **Information**

Notice and Agenda of the Annual General Meeting

TO ALL SHAREHOLDERS

NOTICE is hereby given that the Sixty Ninth (69th) Annual General Meeting of the Company shall be held via Electronic Means on Thursday, 15th June 2023 at 12.00 Noon (East Africa Time) to transact the following business:

AGENDA

ORDINARY BUSINESS

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

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 68th Annual General Meeting held on 30 June 2022.

3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2022 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 1.31 per share in respect of the Financial Year ended 31 December 2022 (2021: Kshs. 1.31), payable on or around 31 July 2023 to the holders of Ordinary Shares and Redeemable Preference Shares on record at the close of business on 15 June 2023.

5. To approve the Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31 December 2022.

6. Re-election of Directors

   i) Mr. Olagoke Aluko, 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) Mr. Jean-Philippe Torres, 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.

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) Mr. Maurice Odhiambo K'Anjejo

   c) Mr. Guillaume Navez

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 authorize the Directors to fix their Remuneration for the ensuing Financial Year.

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

BY ORDER OF THE BOARD

J L G MAONGA
COMPANY SECRETARY
Date: 24 May 2023

NOTE

1. The Company has appointed Image Registrars Limited to specifically provide their platform and to manage this Virtual AGM.
2. Shareholders will be able to register and follow the proceedings of the meeting, vote electronically or by proxy and may ask questions in advance of the Annual General Meeting in the manner detailed below:

i Shareholders wishing to participate in the meeting should register for the AGM by doing the following:

a). Dialling *483*816# for all networks and follow the various prompts regarding the registration process; or
b). Sending an email request to be registered to totalenergiesagm@image.co.ke or
c). Shareholders with email addresses will receive a registration link via email through which they can use to register.

In order to complete the registration process, shareholders will be required to use their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, shareholders (whether in Kenya or outside) should dial the following helpline number: (+254) 709 170 041 from 8:00 a.m. to 5:00 p.m. (EAT) from Monday to Friday.

ii The registration period opens on Wednesday, 24 May 2023 at 9.00 a.m. (EAT) and will close on Tuesday, 13 June 2023 at 12.00 Noon (EAT). Shareholders will not be able to register for the AGM after 13 June 2023 at 12.00 Noon (EAT).

iii A printed copy of the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2022 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.totalenergies.ke (i) The Company's Annual Report and Audited Financial Statements for the year ended 31 December 2022 and (ii) a copy of this Notice.

The documents may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

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 totalenergiesagm@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 Tuesday, 13 June 2023 at 5.00 p.m. (EAT).

- Following receipt of the questions and clarifications, the Directors of the Company shall provide written responses to the questions received to the physical address or email address provided by the Shareholder by no later than 5.00 p.m. (EAT) on Wednesday, 14 June 2023. A full list of all questions received and the answers thereto shall be published on the Company's website by 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 form must be signed by the appointor or his duly authorized attorney 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 totalenergiesagm@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 by not later than Tuesday, 13 June 2023 at 12.00 Noon (EAT). Any person appointed as a proxy should submit his/her mobile telephone number to the Registrars by no later than Tuesday, 13 June 2023 at 12.00 Noon (EAT). Any proxy registration that is rejected will be communicated to the shareholder concerned by not later than Tuesday, 13 June 2023 to allow time to address any issues. A copy of the Proxy Form may be obtained from the Company's website www.totalenergies.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, https: www.totalenergies.ke within 24 hours following conclusion of the AGM.

x Shareholders are encouraged to continuously monitor the Company's website, www.totalenergies.ke or update relating to the AGM. We appreciate the understanding of our shareholders for embracing technological changes in line with the changing business and environmental conditions.

Corporate Information

PRINCIPAL PLACE OF BUSINESS, HEAD OFFICE AND REGISTERED OFFICE

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

DIRECTORS

Olagoke Aluko**	Non-executive	Chairman
Eric Fanchini*	Executive	Managing Director
Lawrencia Gichatha	Executive	Finance Manager - (Alternate to Eric Fanchini and Paul-Henri Assier de Pompignan)
Adele Tura	Executive	Strategy and Corporate Affairs Director (Alternate to Jean-Phillipe Torres), appointed on 21 September 2022
John Muchunu	Executive	Resigned on 21 September 2022
Jean-Phillipe Torres*	Non-executive	Non-executive Director (Alternate to Olagoke Aluko)
Guillame Navez***	Non-executive	Appointed on 21 September 2022
Paul-Henri Assier de Pompignan*	Non-executive	Resigned on 21 September 2022
Joseph Karago	Non-executive	
Margaret W.N. Shava	Non-executive	Resigned on 21 September 2022
Maurice K' Anjejo	Non-executive	

* French
** British
*** Belgian

PRINCIPAL ADVOCATES

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

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

Musyimi & Company 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 K'owade & Ng'ang'a Advocates
Flamingo Towers, 3rd Floor, Winga
Mara Road
P.O. Box 47122-00100
Nairobi, Kenya

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

REGISTRARS

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

COMPANY SECRETARY

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

PRINCIPAL BANKERS

Citibank N.A.
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

Equity Bank (Kenya) Limited
Equity Centre, Hospital Road
Upper Hill
P.O. Box 75104-00200
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

Company Profile

TEAM TOTALENERGIES MARKETING KENYA PLC (TMK)

TMK has a committed, diverse and agile team of over 370 direct employees and over 4,500 indirect employees.

STRONG RETAIL NETWORK

TMK has over 230 service stations countrywide offering oil products and services including non-fuel services.

TOTALENERGIES EXCELLIUM FUELS

TMK offers EXCELLIUM premium fuel (Petrol and Diesel) that cleans vehicle engines resulting in less fuel consumption.

TOTALENERGIES CARD

The TotalEnergies Card is Kenya's number one fleet management solution. The micro-chip technology is SAFE, SIMPLE and SMART.

NON-FUEL OFFERINGS

TMK offers a wide variety of non-fuel services at our stations including convenience shops, carwash, service bays and other third-party services like restaurants, chemists and laundries to make our service stations a one-stop customer destination.

LUBRICANTS

TMK is a leading supplier of lubricants in the market and through continued research and development, produces high quality products for the best engine performance.

B2B (BUSINESS TO BUSINESS)

TMK is a key player in General Trade & Reseller markets with offerings across long-term contracts, tenders and spot sales.

AVIATION

TMK supplies aviation fuel in the market.

LPG

TMK is a leading LPG gas operator in the country. The company heavily invests in the safety of gas cylinders hence the strong brand image of trusted, safe and reliable LPG.

RENEWABLE ENERGIES

TMK offers solar lamps and kits for sale at our stations and authorized distributor outlets.

Also, in partnership with Ampersand, TMK is now offering electric motorcycle battery-swapping service at selected stations.

LOGISTICS AND FACILITIES

TMK runs its facilities in line with international safety and quality standards. We adhere to industrial safety with the objective of zero fatalities in our operations.

SUSTAINABLE BUSINESS

TMK is transforming into a multi-energy company, integrating sustainable development at the heart of it's strategy, projects and operations. We are committed to a sustainable future having a positive impact on people, our living environment and the economy.

Corporate Governance

CORPORATE INFORMATION

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 TotalEnergies Marketing Kenya PLC, 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 TotalEnergies Marketing Kenya PLC 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

TotalEnergies Marketing 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 (www.totalenergies.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 six Directors, two of whom are Independent Directors. The Independent Non-Executive Directors shall form at least one third of the total number of Board Members which is reflective of the strong level of Board independence that further enables adequate representation and protection of the rights of minority shareholders. 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. This facilitates effective discussion and decision-making process.

C. ROLE OF THE BOARD

The Board of Directors is the ultimate authority of TotalEnergies Marketing Kenya PLC. Its role is to define TMK'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 TotalEnergies Marketing Kenya PLC 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 TotalEnergies Marketing Kenya PLC is guided by the Conflict-of-Interest Policy and the Code of Conduct that are developed by the Company, customized and adopted by TotalEnergies Marketing 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. TotalEnergies Marketing Kenya PLC 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 2022, the Board held four Board meetings, four Board Audit Committee meetings, two Board Risk and Governance Committee meetings and three Board Nomination and Remuneration Committee meetings. The Annual General Meeting (AGM) was held virtually on 30 June 2022 and all Directors were present either in person or virtually.

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			
Olagoke Aluko	4	4	100%
Executive Director – Managing Director			
Eric Fanchini	4	4	100%
Non- Executive Directors			
Jean-Philippe Torres	4	0	-
Paul-Henri A. De Pompignan (Resigned on 21 September 2022)	3	1	33%
Guillaume Navez (Appointed on 21 September 2022)	1	1	100%
Independent Directors			
Joseph Karago	4	4	100%
Maurice Odhiambo K'Anjejo	4	4	100%
Margaret Wambui Ngugi Shava (Resigned on 21 September 2022)	3	3	100%
Alternate Directors			
Lawrencia Gichatha (Ceased to be an alternate Director to Paul-Henri A. De Pompignan on 21 September 2022) (Appointed as alternate to Guillaume Navez on 21 September 2022)	4	4	100%
John Muchunu (Ceased to be an alternate Director to Jean-Philippe Torres on 21 September 2022)	3	3	100%
Adele Tura (Appointed alternate to Jean-Philippe Torres on 21 September 2022)	1	1	100%
Company Secretary			
John Maonga	4	4	100%

Note:

- Jean-Philippe Torres was duly represented by his Alternate Directors in 4 of the 4 eligible Board meetings.
- Paul-Henri A. De Pompignan was duly represented by his Alternate Director in 2 of the 3 eligible Board meetings.

I. BOARD SKILLS MIX AND EXPERTISE

It is the opinion of the Board that its membership is well composed in terms of the range and diversity of industry knowledge, skills, background, professional qualifications, experience, personal attributes and other criteria. This is reflective of the Board's commitment to ensure strong levels of Board independence in executing their mandate, and adequate representation of the minority Shareholders.

The following is the current Board skills mix and expertise matrix of TMK: -

Skills and Experience	Relevance to the Company	Percentage (%)
Accounting / Financial Expert/ Auditing/ Taxation/ Economics/ Technical Audit	Enables robust capital management and ensures transparency and accountability in financial reporting. Also, helps the Company to monitor the taxation policies and its effect on the business operations.	100
Prior Board Experience in a Regulated Entity	Understanding of Company compliance requirements, including reporting and shareholder meeting requirements.	91.67
Capital Markets and the regulations in Kenya	Ensuring that the Company is compliant with the laws and regulations of the Capital Markets and the regulations in Kenya.	95.83
Commercial Experience	Enables diverse business models and nuances of financial disclosures to increase the profitability of the Company.	100
Corporate Governance	Facilitating an environment that allows for cohesiveness, prudent decision making, accountability, transparency, control and driving culture.	100
Environmental, Social and Governance skills and experience	Developing the Company's environmental and sustainability agenda for the long-term benefit of its stakeholders, including consistent shareholder returns.	100
Executive Management	Facilitating evaluation of the performance of the Managing Director and senior executive managers.	100
Human Resources/ Human Capital	Oversee strategic human resource management including workforce planning.	100
Information Technology Strategy and Governance	Development of a suitable Company ICT strategy in a pervasive digital service delivery and data intensive environment.	100
Industry Knowledge - Petroleum and Oil Industry (energy mix)	Facilitating the development, implementation, and assessment of the operating plan and business strategy. Also enables the Company to provide the customers with safe, reliable, and affordable energy.	100
Investor Relations and Marketing/ Public Relations	Promote investor confidence in the Company's operations.	100
Knowledge in Company's Policies, Programmes and Strategies	Monitor the effectiveness of the Company's operations and strategies in promoting and enhancing the growth of the Company.	100
Knowledge in Group's Policies, Programmes and Strategies	Assists the Board to align the operations of the Company to the Group's Policies, Programmes and Strategies.	100
Leadership and Strategy	Increases the ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies for the Company.	100
Legal Expertise and Experience	Enabling suitable interpretation of the laws and regulations, and providing advisory services to the Board in ensuring compliance thereof.	33.33
Legal and regulatory environment applicable to the oil industry in Kenya	Ensuring that the Company is compliant with the laws and regulations of the oil industry in Kenya.	100
Mergers & Acquisitions Experience	Understanding diversity of mergers and acquisitions for better decision making when such proposals arise.	100
Risk Management, Compliance Oversight and Internal Controls	Facilitating a fit for purpose risk management framework that is protective of the Company's interests and long-term objectives.	100

BOARD COMMITTEES

A. ROLE OF THE BOARD AUDIT COMMITTEE

The Committee meets at least quarterly or more frequently as circumstances dictate. The members of the Audit Committee are as follows:

Name of Member	Position
Joseph Karago	Independent Director - Chairman
Maurice K'Anjejo	Independent Director
Margaret Shava (Ceased to be a member on 21 September 2022)	Independent Director
Guillaume Navez (Appointed as a member on 21 September 2022)	Non-Executive Director
Eric Fanchini (By Invitation)	Managing Director
Lawrencia Gichatha (By Invitation)	Finance Manager
Ellon Kamau (By Invitation) (Ceased to be the Secretary to the Committee on 31 October 2022)	Audit Manager/ Committee Secretary
Charles Wambugu (By Invitation) (Appointed as the Secretary to the Committee on 31 October 2022)	Risk, Governance & Compliance Manager/ Committee Secretary

In the year 2022, the BAC met virtually four times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Joseph Karago	4	4	100%
Margaret Shava	3	3	100%
Maurice K'Anjejo	4	4	100%
Guillaume Navez	1	1	100%
Ellon Kamau	3	3	100%
Charles Wambugu	1	1	100%

B. ROLE OF THE RISK AND GOVERNANCE BOARD COMMITTEE

The Board Risk and Governance Committee (BRGC) assists the Board of Directors of TotalEnergies Marketing Kenya PLC in fulfilling its management's responsibility with regards 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 mitigation 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.

TotalEnergies Marketing Kenya PLC 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 (Ceased to be a member on 21 September 2022)	Independent Director - Chairperson
Maurice K'Anjejo (Appointed as a member on 21 September 2022)	Independent Director - Chairman
Joseph Karago	Independent Director
Eric Fanchini	Managing Director
Lawrencia Gichatha	Finance Manager
John Maonga	Company Secretary
Adele Tura (By Invitation)	Strategy and Corporate Affairs Director
Charles Wambugu (By Invitation) (Ceased attend the meetings on 31 October 2022)	Risk, Governance & Compliance Manager
David Ayilo (By Invitation) (Began to attend the meetings on 31 October 2022)	Corporate Affairs Manager

Charles Wambugu
AUDIT MANAGER

Charles is currently the Audit Manager for TotalEnergies Marketing Kenya PLC and was previously the Risk, Governance and Compliance Manager.

Charles holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi and is a Certified Public Accountant (CPAK). Charles joined the TotalEnergies during the Chevron merger in 2009 and was appointed Chief Internal Auditor. Before joining TotalEnergies Marketing 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) .

In the year 2022, the BRGC met virtually two times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Margaret Shava	1	1	100%
Maurice K'Anjejo	1	1	100%
Joseph Karago	2	2	100%
Eric Fanchini	2	2	100%
Lawrencia Gichatha	2	2	100%
John Maonga	2	2	100%
Adele Tura	1	1	100%
Charles Wambugu	2	2	100%
David Ayilo	1	1	100%

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

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 role 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 three (3) Directors and is chaired by an Independent Director.

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 (Ceased to be a member on 21 September 2022)	Independent Director
Olagoke Aluko	Chairman of the Board
Eric Fanchini (By Invitation)	Managing Director
Paul-Henri A. De Pompignan (Ceased to be a member on 21 September 2022)	Non-Executive Director
Guillaume Navez (Appointed as a member on 21 September 2022)	Non-Executive Director
Lawrencia Gichatha (By Invitation)	Finance Manager
John Maonga	Company Secretary

In the year 2022, the BNRC met virtually three times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Joseph Karago	3	3	100%
Margaret Shava	3	3	100%
Olagoke Aluko	3	1	33%
Paul-Henri A. De Pompignan	3	1	33%
Eric Fanchini	3	3	100%
John Maonga	3	3	100%

David is currently the Risk, Governance and Compliance Manager for TotalEnergies Marketing Kenya PLC.

David holds a Masters degree in strategic Management in addition to a Bachelor degree in Education- Economics and Mathematics. David joined TotalEnergies Company during the Chevron merger in 2009 and has held various positions since then including; Corporate Affairs Manager, Strategy Manager and General Trade Manager.

Before joining TotalEnergies Kenya, David worked for Chevron as the Card and Customer Service Manager for East Africa, Card business upgrade project team member in South Africa and also worked for Barclays Bank as the Card acquiring Manager for East Africa.

David Ombonyo Ayilo

RISK, GOVERNANCE AND COMPLIANCE MANAGER

Our Code of Conduct:

- **Is informed by our five values,** including our **two** core values **(Safety** and **Respect for Each Other)** that guide all our actions.

- **Describes the practices** to maintain with respects to safety, integrity, respect for human rights and other areas.

- **Lists the International Standards** that TotalEnergies applies. Defines our commitments to our internal and external stakeholders.

- **Explains the role** of Ethics Committee and describes the steps to follow when reporting an issue that violates the Code of Conduct or to request guidance.

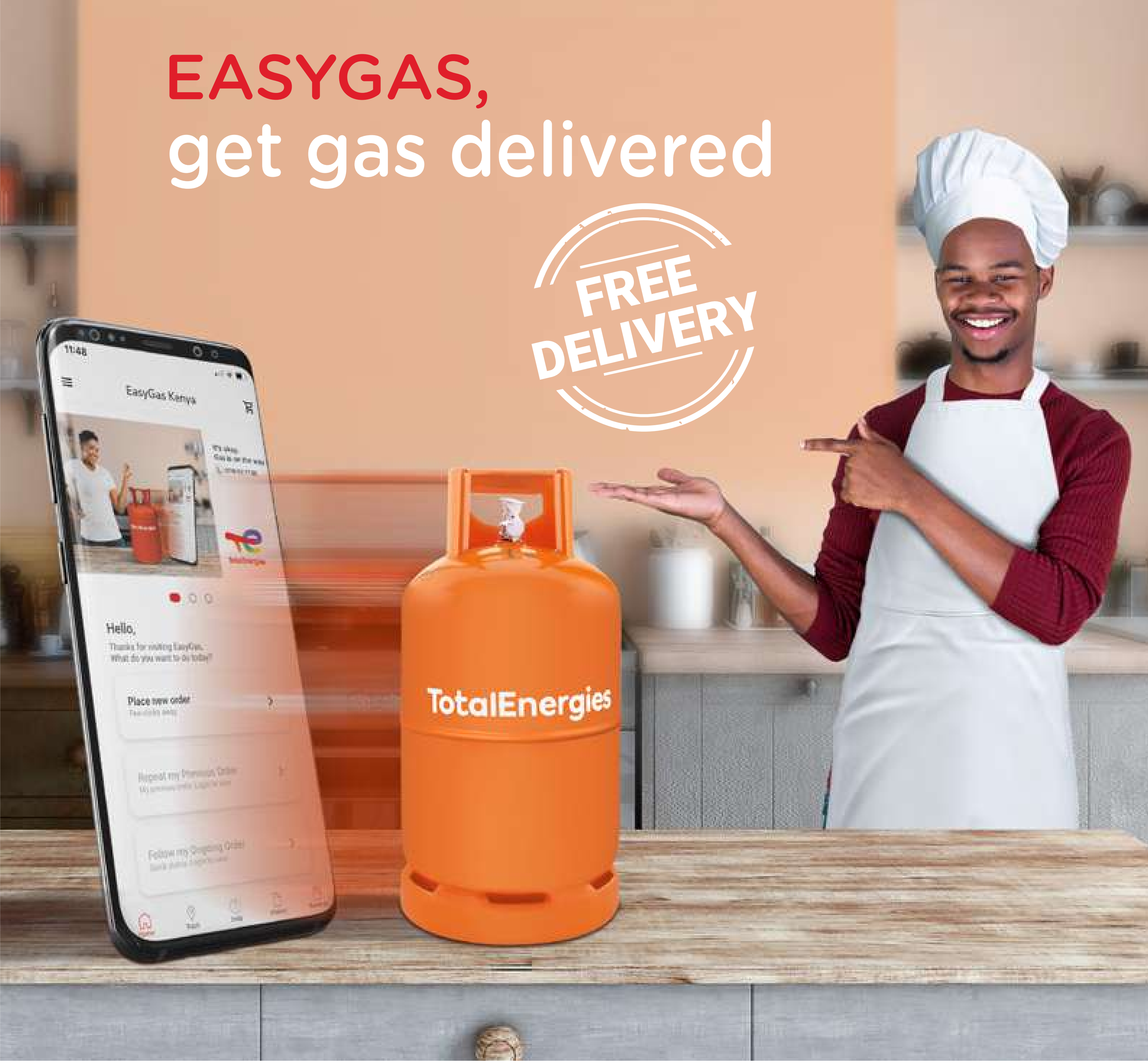
- **Applies** to our **suppliers of goods and services**, setting out our expectations with regard to their behaviour and ethical standards.

- Is **made public** to all **our external stakeholders**. Please feel free to circulate it to your stakeholders.

- You can also find it on the Company's website.

All of us must all take responsibility for the Code of Conduct. We encourage a culture of openness that allows everyone to express their concerns about the Code of Conduct.

TotalEnergies



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TotalEnergies

POLICIES

ETHICS CHARTER AND CODE OF CONDUCT

TotalEnergies Marketing Kenya PLC is committed to establishing high quality long-term relationships with all stakeholders: customers and distributors, suppliers and contractors, host countries, local communities, business partners, shareholders and the civil society. The Code of Conduct is rooted in 5 core values:

Our two core values, Safety and Respect for Each Other, are reflected in our organizations, procedures and guidelines to provide practical guidance for upholding the Code of Conduct in our day-to-day actions.

All employees, suppliers, contractors and business partners are expected to understand, respect and apply standards and business principles outlined in the Code of Conduct.

TotalEnergies Marketing Kenya PLC adheres to the TotalEnergies Company's Compliance Program. It calls for a zero-tolerance approach to corruption, fraud and anti-competitive practices and adheres to the highest standards of integrity. Employees and all stakeholders are expected to prevent, identify, report and address situations that might cross the line as soon as they arise. TotalEnergies Marketing Kenya PLC also respects all applicable national and international laws and norms. Where there is a difference between a legal requirement and our code of conduct, we seek to apply the higher standard.

To guide relations with suppliers, contractors and third parties, anti-corruption, anti-fraud and anti-trust clauses are included in all contracts signed. A due diligence exercise is also concluded before initiating any formal relations with any third parties. Compliance awareness training presented to our stakeholders.

Identifying and reporting existing or potential conflicts of interest by employees allows risks to be managed. Potential conflicts of interest can be minimized by avoiding acquiring any interest in the business of a competitor, supplier or customer without prior written approval from management. Employees are also required to declare, and in some cases seek approval for gifts, hospitality, donations and sponsorships to and from business partners. This is done through an electronic Gift and Hospitality register.

The Company is committed to respecting internationally recognized Human Rights standards especially those relating to employees' working conditions within all its diverse operations. A non-discriminatory recruitment program based solely on our requirements and the specific capabilities of individual applicants coupled with zero tolerance to harassment makes for a diverse and well-motivated workforce.

INTEGRITY COMMITTEE

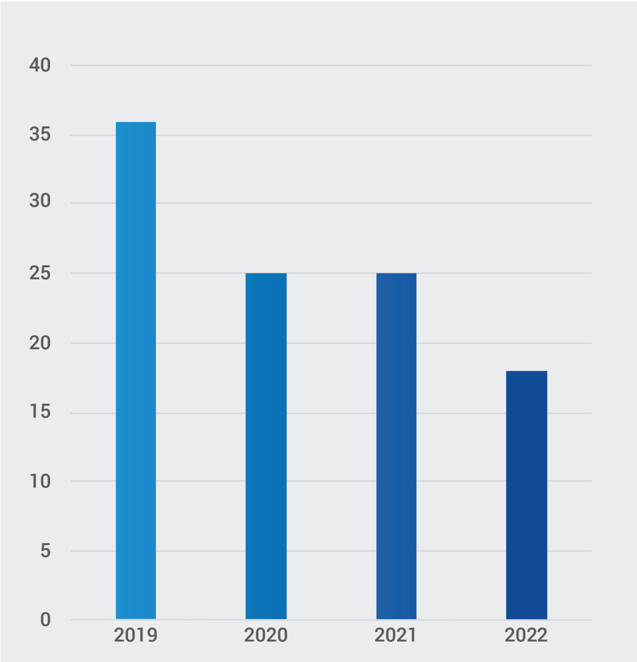
Like any organization of significant size and complexity TotalEnergies Marketing Kenya PLC is inherently vulnerable to risks of fraud and corruption. In response to these risks the TotalEnergies Marketing Kenya PLC has a range of mitigating controls including the Integrity Committee, Ethics Officer, Compliance Officer and an Internal Audit department.

The Integrity Committee is composed of the Managing Director, Finance Director (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 Company and/or TotalEnergies Marketing Kenya PLC: ethics.ke@totalenergies.com. 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 for the year 2022, with majority of the cases reported coming from the TotalEnergies service stations. With the zero tolerance principle for fraud and corruption, all cases are recorded irrespective of the amounts.

Evolution of Fraud Incidents (Number of cases)



The company undertakes compliance training for all staff. The graph below shows staff performance on the mandatory compliance trainings.

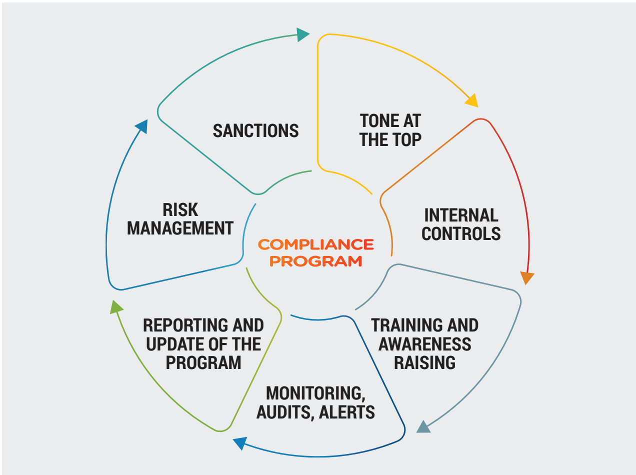
Mandatory Trainings Completion status % of staff

COMPLIANCE PROGRAM

To prevent risks of corruption, TotalEnergies has a robust and regularly updated anti-corruption compliance program that has been rolled out to employees and 3rd 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 an affiliate of a multinational company, TotalEnergies Marketing Kenya PLC is subjected to both local and international anti-corruption laws as well as the Company rules. Below are the seven pillars of the compliance program.

Pillars of Compliance Program

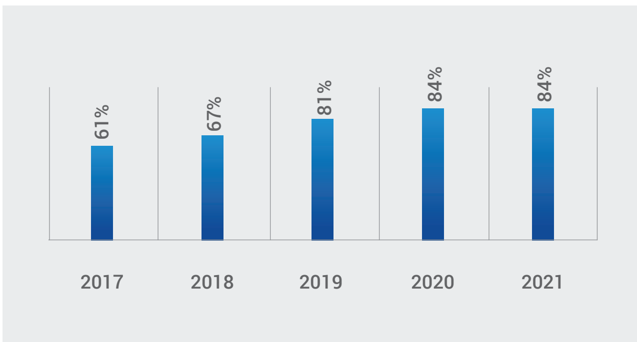


COMPLIANCE WITH CMA CODE OF CORPORATE GOVERNANCE

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.

Since 2017 the company has continued to improve on the Capital Markets Authority (CMA) code of corporate governance assessment maintaining a leadership score for 3 consecutive years from 2019 to 2021.

CMA Overall Assesment % score



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 undertook a corporate governance audit in 2022 and the independent Governance Auditor's opinion is as stated on the following page.

REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE SHAREHOLDERS OF TOTALENERGIES MARKETING KENYA PLC

INTRODUCTION

We have performed Governance Audit for TotalEnergies Marketing Kenya PLC covering the year ended 31 December 2022 which comprised assessment of governance practices, structures and systems put in place by the Board.

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 06, 2023

Management

Board of Directors

From left to right

1. Mr. Olagoke Aluko
2. Mr. Eric Fanchini
3. Mr. Jean-Philippe Torres
4. Ms. Lawrencia Gichatha
5. Mr. Maurice Odhiambo K'Anjejo
6. Mr. Guillaume Navez
7. Mr. Joseph Karago
8. Mr. Adele Tura
9. Mr. John Maonga

Directors' profiles

Mr Olagoke Aluko
CHAIRMAN OF THE BOARD

Mr Olagoke Aluko was born in 1974 and he holds a Bachelor of Science in Business Economics from the University of East London and a Master of Science in Finance and Accounting from London School of Economics. Mr Aluko has 22 years' experience with TotalEnergies, and is skilled in Management, Operations, HR, Finance & Accounting, Mergers & Acquisition, Information Systems as well as Audit and Internal Controls. He previously served as the Managing Director of TotalEnergies Marketing Kenya , after which he was appointed as the Vice President Finance & Corporate Affairs (MS Africa). He has been the CFO in three TotalEnergies subsidiaries (Ethiopia, Jamaica and Guinea Conakry) and the General Manager Operations and General Manager HR & Corporate Affairs at TotalEnergies Marketing Nigeria PLC. He is currently the Executive Vice President East & Central Africa (MS Africa).

Mr Eric Fanchini
MANAGING DIRECTOR

Mr Eric Fanchini was born in 1974 and holds a Bachelor's Degree in Marketing and International Sales from EDHEC Business School. He is also a holder of PRINCE2 Certification in Project Management (United Kingdom standard). Mr Fanchini has worked for the TotalEnergies Company for the last 21 years and has progressively and diligently served in various managerial positions including IT Manager for the Company's Aviation Business Unit (Paris, France), Head of TotalEnergies Marketing & Services IT (United Kingdom), Head of the roll out of TotalEnergies SAP European Template (United Kingdom), Retail Card Services Manager (United Kingdom), Sales Director (Cote d'Ivoire), and Strategy and Senior M&A Project Manager (Paris, France). Mr Fanchini has also served as the Deputy of the Vice President of TotalEnergies Marketing & Services (West Africa). Prior to this appointment, he was the Managing Director at TotalEnergies Marketing Ghana PLC.

Mr Jean-Philippe Torres
NON-EXECUTIVE DIRECTOR

Born in 1966, Mr Jean-Philippe Torres holds a Diploma in Economics from the University of Lille (France), a Master of 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 began his career with TotalEnergies in 1992 and, over the course of his career in its downstream branch, has held various senior operational roles in countries such as Germany, France, and Senegal, as well as having served as Managing Director of TotalEnergies' downstream affiliates in the Gambia, Togo, Benin, DRC and Nigeria. After having held the positions of Director of North and Central America, Director of Central and East Africa and Director of Mediterranean-Indian Ocean, he is currently Senior Vice President Africa of TotalEnergies Marketing Services. He was also appointed alternate Director to Olagoke Aluko effective 9th February 2022.

Mr. Guillaume Navez
NON-EXECUTIVE DIRECTOR

Mr. Guillaume Navez was born in 1985 and he holds a Bachelor of Science in General Engineering and Master of Science in Mining Engineering and Geology from Faculté Polytechnique de Mons. He also holds a Master of Science in Petroleum Engineering & Project Development from IFP School, a Master of Science in International Management from the University of Liverpool and a Master of Business Administration (MBA) from Massachusetts Institute of Technology. Mr. Navez has worked for the TotalEnergies S.E. Company for about 15 years and has consistently proven exemplary leadership and management skills on complex and high-risk projects, with transverse and diverse teams, honed through significant office and field operational experience. He has progressively and diligently served the Company in various capacities including as Drilling Manager and as Principal Engineer on New Ventures Projects. Currently, he is Corporate and Project Finance Manager at TotalEnergies S.E (Paris, France).

Mr. Joseph Karago
INDEPENDENT DIRECTOR

Born in 1962 Mr. Joseph Karago is a registered practicing Architect with vast professional input in the Built Environment in the Region. Since 2019, Mr. Karago has been working with The Foreign, Commonwealth & Development Office (FCDO) under the Sustainable Urban Economic Development Programme as an Independent Urban Planner/Advisor; his roles being providing strategic advisory services including: analytical, technical and management services for support to urban renewal programs and ensure that Government projects are delivered timely, efficiently and within set budgets. Karago is a member of the Institute of Directors (Kenya) and has been serving as an Independent Director at TotalEnergies Marketing Kenya PLC since his appointment on 9th June 2016, where he engages as member of Board Audit Committees; Nominations & Remunerations Committee and Risk & Governance both as Chair. Mr. Karago holds Directorship position in other several companies; Ziyanda Investments Ltd, Tanelec Zambia, Ayanda Capital and is very active in corporate social responsibility including acting as a member of the Board of Governors of Thomas Barnados Home and Chairman of the Adoptions Committee, Kenya Children's Home.

Mr Maurice Odhiambo K'Anjejo

INDEPENDENT DIRECTOR

Born in 1957, Mr. Maurice Odhiambo K'Anjejo is an Accountant and holds a Bachelor of Commerce (BCom.) degree, Accounting Option from the University of Nairobi. He is a Certified Executive and Leadership Coach. He had previously worked for TotalEnergies Marketing Kenya PLC for 32 years in various managerial positions and also served as an alternate Director in the Board of the company for nine years by the time of his retirement from employment on 31st October 2017. He was appointed as an independent, non-executive Director of the company on 18th November 2020, and he is currently a member of the Audit Committee and Chairman of the Risk and Governance 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 TotalEnergies Marketing Kenya PLC in 2002 and has served in several positions within TotalEnergies. She is currently the Finance Manager of TotalEnergies Marketing Kenya PLC 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 TotalEnergies Marketing Kenya PLC. Lawrencia is also the Country Ethics Officer and an alternate Director to Mr Guillaume Navez as well as a member of the Risks and Governance Committee of the Board. In addition to the TotalEnergies Marketing Kenya PLC roles, she is a Director for the TotalEnergies 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 Adele Tura

STRATEGY & CORPORATE AFFAIRS DIRECTOR

Mr. Adele Tura was born in 1967 and holds a Master of Business Administration in Strategic Management from the University of Nairobi, a Bachelor of Education (Arts) Degree from Kenyatta University and a Higher National Diploma in Human Resources Management from the Institute of Human Resources Management. Mr Tura has over 26 years of experience in Human Resources Management and prior to joining TMK, he worked for Nation Media Group Ltd. He previously served as the Human Resources & Administration Manager at TotalEnergies Marketing Kenya PLC, Regional Human Resources Manager at TotalEnergies Africa and as a Senior Talent Developer of TotalEnergies Marketing & Services (Eastern and Southern Africa countries). Currently, he is the Strategy and Corporate Affairs Director of TotalEnergies Marketing Kenya PLC and was appointed as alternate Director to Jean-Philippe Torres with effect from 21st September 2022. He also serves as a Non-Executive Independent Director with the Eastern & Southern Africa Trade and Development Bank.

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 TotalEnergies Marketing Kenya PLC on 1st February 1999.

Management Commitee

From left to right

1. Mr. Eric Fanchini
2. Ms. Lawrencia Gichatha
3. Mr. Adele Tura
4. Mr. Christophe Wittmann
5. Ms. Susan Gacheru
6. Mr. Oliver Biyogo
7. Mr. Martin Mutuma
8. Mr. Gérard Jean-Pierre Oberti
9. Mr. Sandip Mukherjee
10. Mrs. Mary Muiruri

Management profiles

Mr Eric Fanchini

MANAGING DIRECTOR

Mr Eric Fanchini was born in 1974 and holds a Bachelor's Degree in Marketing and International Sales from EDHEC Business School. He is also a holder of PRINCE2 Certification in Project Management (United Kingdom standard). Mr Fanchini has worked for the TotalEnergies Company for the last 21 years and has progressively and diligently served in various managerial positions including IT Manager for the Company's Aviation Business Unit (Paris, France), Head of TotalEnergies Marketing & Services IT (United Kingdom), Head of the roll out of TotalEnergies SAP European Template (United Kingdom), Retail Card Services Manager (United Kingdom), Sales Director (Cote d'Ivoire), and Strategy and Senior M&A Project Manager (Paris, France). Mr Fanchini has also served as the Deputy of the Vice President of TotalEnergies Marketing & Services (West Africa). Prior to this appointment, he was the Managing Director at TotalEnergies Marketing Ghana PLC.

Ms Lawrencia Gichatha

FINANCE MANAGER

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Mr Christophe Wittmann

COMMERCIAL MANAGER – (NETWORK, SFS, CARD, CUSTOMER SERVICE AND BRAND COMMUNICATION)

Mr. Christophe Wittmann holds a Degree from the NEOMA – Reims Management School. He joined TotalEnergies in 2001 and has worked in Europe and Asia serving in different positions including IT Project Manager, Pricing Manager, Network Regional Manager, Marketing & Service Strategy Officer and Vice President for Retail. He was the Shop, Food, Services & Customer Centricity Manager for Africa until august 2021 when he was appointed as TotalEnergies Marketing Kenya Commercial Manager for Retail, Cards, Customer service, Brand Communication and Shop Food and Services.

Ms. Susan Gacheru

PLANNING AND SUPPLY MANAGER

Ms. Susan Gacheru joined TotalEnergies Marketing Kenya PLC as the Planning & Supply Manager in July 2017. She has over 19 years' experience in the Oil Industry, majority of it being in the Supply, Trading & Logistics field. She holds a Bachelor of Commerce degree in Accounting from Catholic University of East Africa, a Diploma in Supply and Purchasing from the Chartered Institute of Procurement and Supply and is currently pursuing a Masters of Business Administration degree specialising in Strategic Management. 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

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 TotalEnergies Marketing Kenya PLC 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 TotalEnergies, 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 Martin Mutuma
HEAD OF HUMAN RESOURCES AND ADMINISTRATION

Martin Mutuma holds a Bachelor of Education Degree from the University of Nairobi, a Post Graduate Diploma in Human Resource Management from the Institute of Human Resource Management (K) and an Executive Marketing Diploma from MSK (K). He joined TotalEnergies Marketing Kenya PLC in 1999. During his tenure, he has worked as Business Development Manager (3 Yrs), Brand & Communications Manager (7yrs), Marketing Services Manager (3 yrs) and Training & Development Manager among other roles. Before joining TotalEnergies, Martin Mutuma worked for Coca-Cola, Nairobi Bottlers as a Sales & Marketing Executive and in December 2022 he was appointed as Head of Human Resources & Administration in TotalEnergies Marketing Kenya PLC. Prior to this appointment, he was a Talent Developer within the Human Resources department.

Mr Gérard Oberti
OPERATIONS MANAGER

Mr Gérard 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 Ecole Nationale Supérieure du Pétrole et des Moteurs / French Petroleum Institute (ENSPM/IFP- Paris, France). He joined TotalEnergies in 1998 as Aviation fuels project manager and rose to the ranks of Aviation JIG inspector and Aviation Joint Venture Depot Manager (TotalEnergies-BP) respectively. He has then served TotalEnergies in several countries, in 2007 as Terminal Operations Manager at TotalEnergies UK Ltd in North London (UK), 2011 as Group internal Auditor in Paris, 2014 as HSE assistant Director at TotalEnergies Americas zone in Panama and 2017 as Major Incidents Chief Investigation Officer for TotalEnergies Holding One HSE division. He was appointed Operations Manager of TotalEnergies Marketing Kenya PLC in December 2019, a position he holds to date.

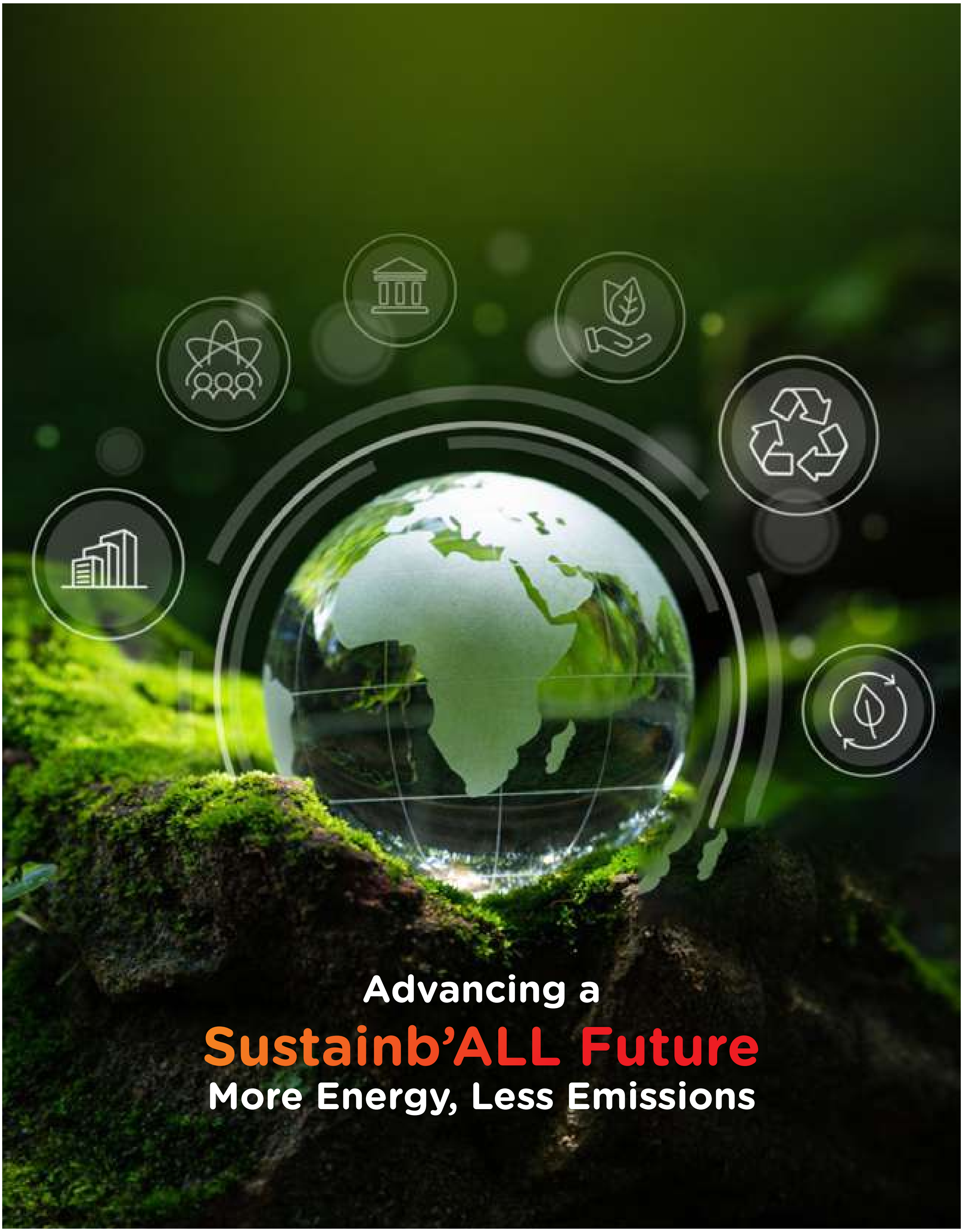
Mr Sandip Mukherjee
COMMERCIAL MANAGER B2B

Mr. Sandip Mukherjee joined TotalEnergies Marketing Kenya PLC 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 the downstream petroleum markets in East Africa. His last position was General Manager – Sales for GAPCO Kenya Ltd. He had also worked in India with Multi-National Companies like ESAB and has varied experience across petroleum downstream, engineering, management consultancy and international business development.

Mary Muiruri
HSEQ MANAGER

Mrs Mary Muiruri holds a Bachelor of Technology Degree in Production Engineering from Moi University and an MBA in International Trade from University of Nairobi. She is a member in good standing of the Institute of Engineers of Kenya (IEK). She brings on board experience in manufacturing having worked in Kenya Railways Central workshops in the Foundry shop, EA Steel Manufacturers and Firestone & Bridgestone Tyre manufacturer as an Industrial Engineer. She has over 20 years experience in downstream oil business having worked for ExxonMobil, where she did a short stint in Cairo Egypt, and Chevron before joining TotalEnergies Marketing Kenya PLC in 2009. She has served in various positions within TotalEnergies including supply and trading shipping operations. She was in charge of solar project for Africa, based in Paris, and also served as Commercial Director for general trade and mines and head of Katanga province in DR Congo. In August 2021 she was appointed HSEQ Manager and prior to this appointment she was the Price Risk and Regional Optimization Manager for East Africa based in Kenya.

2022 Sustainability Report



2022 Environmental, Social and Governance (ESG) Highlights

SOCIAL IMPACTS

HEALTH AND SAFETY

2,065 Life savings checks

38 Joint Safety tour

0 Total Recordable Injury rate

DIVERSITY

70% of senior management are hired locally

30% Women in senior management

11% Women Board members

PEOPLE PERFORMANCE

93% Employee engagement index as per TotalEnergies Survey

96% Participation score

7.1 Average training days per employee

ENVIRONMENTAL IMPACTS

NET ZERO AMBITION

Carbon Neutrality by 2050

Scope 1&2 emissions
771 tCO_2e

Reduction of Scope 1&2 emissions
2021
2022
- 5.9%

SOLARIZATION

143 Stations solarized

WASTE

18.5 TONNES recycled

Partnerships of eco-friendly waste disposal Mr. Green Africa and WEEE Centre

ECONOMIC IMPACTS

AWARDS AND RECOGNITION

ISO 14001:2015 CERTIFIED
Blending plant environment management system

ISO 9001:2015 CERTIFIED
Quality management system for the entire company

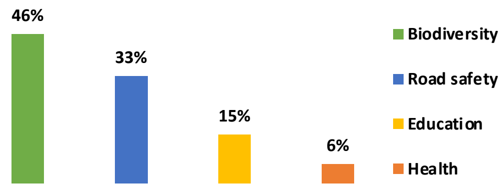
Innovation award for partnership with Ampersand for one of the first battery swapping models for motorbikes in Kenya

PERCENTAGE OF SPENDING WITH LOCAL STAKEHOLDERS

Over 90%

CSR

15.8 Million Kes



VALUE CREATED

Solar Lamps Distributed
Over 501,000

Lives Impacted
2.5 Million

370+
Employees

39.8 Billion Kshs
Payment of Taxes

Kshs 3.88
Earnings Per Share

1.7 Billion Kshs
Paid in Salaries

1. MESSAGE FROM THE MANAGING DIRECTOR

TotalEnergies is undergoing a profound transformation to evolve into a multi-energy company with an ambition to become a major player in the energy transition committed to getting to net zero by 2050, together with society. As a company, we reaffirm our commitment to attaining the United Nation's Sustainable Development Goals (SDGs) by incorporating them into our ambition of being a responsible player in the energy industry while taking up the broader challenges of sustainable development.

Our stakeholders have increasingly high expectations on the Company's long-term value and contribution towards Environmental Social, Economic and Governance (ESG) impacts. TotalEnergies Marketing Kenya PLC (TMK) views this as an opportunity to align our energy transition by placing sustainable development at the heart of our strategy, projects, and operations. This report provides a comprehensive overview of our sustainability ambition, performance and actions towards ESG impacts.

This year, our ambition took shape with employees undertaking sustainable development goals e-learning training followed by a series of workshops to evaluate the company's contributions and impacts to SDGs and identification of targets and associated indicators for TotalEnergies engaging staff in a company-wide participatory approach. I am also delighted to announce the launch of the Sustainab'ALL program in 2022 that advances our ESG strategy aimed at mobilizing the company around SDGs in support of our transformation. The leading drivers of our transformation are organized in accordance with the four axes of our sustainability approach namely Climate and Sustainable energy, People's well-being, Care for the environment and Creating value for society, all reinforcing a responsible business approach of providing energy that is more reliable, affordable, and cleaner. TMK has further defined 10 sustainable goals for 2023-2025 supporting the SDGs and we will provide details on their implementation in this report.

TMK remains committed to the global ambition of net zero by 2050 and has taken measures to reduce our scope 1 and 2 emissions while implementing energy efficient solutions in response to accelerating climate change. These measures led to a 5.9% reduction in emissions levels in 2022 as compared to 2021. The company has invested in the solarization of 143 service stations and implemented energy efficient initiatives contributing to electricity savings. TMK also continues to engage in tree planting through the Eco-Challenge program aiming to reduce the carbon footprint with over 30,000 trees planted in the year 2022 in various sites across the country. In addition to that, TMK is the first oil marketer to pioneer circular economy partnerships with Mr. Green Africa and Waste Electrical and Electronic Equipment (WEEE) Centre at our service stations. Through these approximately 18.5MT of both plastic and electronic waste has been collected and recycled. Additionally, we launched a partnership with Ampersand for battery swapping solution for electric motorbikes in some of our service stations, an innovation towards sustainable transport energy.

As a company, we remain steadfast in our focus on safety and well-being of our staff and contractors. We are committed to personal and collective safety on a daily basis in our operations with a goal of zero fatality. During the year, we reinforced our various corporate social responsibility (CSR) programs creating a positive impact to our community.

Looking ahead, this is a great opportunity for our business to reflect on our values towards meeting the needs of our customers, create value for stakeholders and continue to deliver innovative products and services that help to drive inclusive sustainable development. **"With Sustainab'ALL, We All Have a Role to Play!"**

Eric Fanchini
Managing Director

I am also delighted to announce the launch of the Sustainab'ALL program in 2022 that advances our ESG strategy aimed at mobilizing the company around SDGs in support of our transformation

2. ABOUT TOTALENERGIES MARKETING KENYA PLC

TMK has been operating in Kenya since 1955 and plays a key role in the Kenyan economy and is the only multinational oil company listed on the Nairobi Securities Exchange. TMK is a responsible energy company marketing quality petroleum products and energy solutions to its customers.

In 2021, the company underwent a transformation, rebranding from Total Kenya to TotalEnergies Marketing Kenya PLC (TMK) reflecting our ambition to reinvent the way energy is produced and consumed and to get to net zero by 2050, together with society. As a company we are committed to producing energy that is more affordable, cleaner, more reliable and accessible to as many people as possible. In 2022, TMK deployed its multi-energy strategy with enhanced climate action to address the twofold challenge of more energy and fewer emissions. As a company, we endeavour to sustainably meet the needs of a growing population by promoting low carbon energy solutions and supporting our customers in the energy transition.

The vision and mission of TMK is driven by a diverse, agile, and committed team of over 370 direct employees and over 4,500 indirect jobs.

2.1 Core values

Safety is a core component of the company's responsibility and is also the foundation of the long-term viability of the company. TMK's safety credo: **'Safety for Me, For You, For All'** demonstrates its uncompromising attitude when it comes to safety.

Respect for Each Other puts people at the center of TMK's collective responsibility. Everyone listens to the other, recognizing, and embracing diversity, upholding human rights while considering ethics, honesty, and business integrity. At TMK, corruption, fraud, and unfair competitive practices of any form are rejected.

A **Pioneering Spirit** is displayed through boldness and courage in conquering new territories as well as in TMK's ability to innovate from a technical, business, people, strategy, and geopolitical standpoint. It is in knowing when to adapt and how to overcome adversity in an agile manner.

Being loyal to and trusting each other while leveraging on everyone's strengths makes the team **Stand Together.** The team "thinks TotalEnergies", always acting in the best interests of the company.

Being **Performance-Minded** is an attitude that reflects TMK's commitment to operational, technical, and technological excellence. This approach, along with the other values, enables the company to achieve its collective ambition of becoming the responsible energy major.

2.2 Products

TMK's purpose is to market quality products and energy solutions to our customers that are affordable, cleaner, more reliable and that are less and less carbon-intensive while ensuring safety in all operations and day-to-day business.

2.2.1 Excellium Fuels

TMK is committed to providing quality fuels that offer better environmental performance. Excellium fuels are sold at all our service stations and are available for both petrol and diesel engines. Excellium prevents up to 89% deposit build-up in diesel and up to 93% in petrol engines. This improves the engine efficiency, contributes to a reduction in polluting emissions and provides car owners with a more environmentally friendly driving experience. In addition, kerosene fuel which is used for cooking and lighting is also offered to our customers.

2.2.2 Lubricants

TMK is a leading supplier of lubricants in the market that is committed to produce high quality products with the best engine performance. Our passion for engines, mechanics, motorsport and two- and four-wheelers of all kinds has led to research and eventual production of a wide range of lubricants.

As a leader in lubricants innovation, we have demonstrated this through the launch of lubricant package rebranding whose objectives are to reduce carbon footprint by using less virgin raw materials (plastic) and exploring the possibility of incorporating recycled plastic in the manufacturing process, with an enhanced product recovery during usage by our customers.

In the year, we introduced Quartz 9000 Xtra Future XT 0W-20 into the Kenyan market to exclusively address the growing number of hybrids vehicles. The product package is made of 50% recycled plastic and is 100% recyclable, and one of its environmental credentials is fuel saving of up to 4%.

2.2.3 Liquefied Petroleum Gas

TotalEnergies liquefied petroleum gas (LPG) is the leading affordable, secure, efficient and environmentally friendly cooking gas in Kenya. Families or mid-sized businesses have options to choose from any of our five cylinder sizes namely 3kg, 6kg, 13kg, 22.5kg and 50kg according to their needs and abilities.

The safety of our key stakeholders (customers, staff, contractors, distributors) is paramount and has been accorded the topmost priority in our day-to-day operations. LPG safety should be considered in every scenario, from the point of purchase to the point of use and to the point of storage.

One of the biggest challenges faced by households and businesses that use LPG as a source of energy in Kenya is the proximity of authorized LPG points of sale. To address the safety, proximity and convenience challenge faced by Kenyan households or businesses, TMK has launched a home delivery solution called EasyGas App that gives customer the convenience of ordering of LPG from the comfort of their homes. Our customer promise in LPG is safety and convenience and the solution will bring us closer to our customer. This solution is available in all the major town and cities in the country.

2.2.4 Solar Lanterns

TMK's solar lanterns provide an affordable and environmentally friendly lighting alternative for Kenyans who do not have access to electricity, those from low-income households or have unreliable electricity supply. The lamp product models of Sunshine Range include; Pocket Sunshine, Family Sunshine, Sunshine 150, Sunshine 300 and Home Sunshine kit.

To increase accessibility to this solution, the lamps are sold through our extensive service station network, authorised reseller outlets and partner corporate organizations, non-governmental organisations (NGOs), micro-finance institutions and savings and credit co-operatives.

2.2.5 TotalEnergies Card

TotalEnergies Card is Kenya's number one fleet management solution for owners. It offers a comprehensive package that enables fleet managers to effectively control and manage their fuel consumption through the provision of reliable safety features and accurate reporting.

With the card, one can pay for fuel, car wash services, TotalEnergies lubricants, solar, LPG, car care or any other products at our service stations or Bonjour shops.

2.3 Services

2.3.1 Network of Stations

TMK has a vast network of over 230 service stations spread across the country, availing high quality products and services closer to our customers. The company continues to accelerate the retail footprint expansion with the opening of new stations.

2.3.2 Bonjour Shops

We offer one-stop convenience Bonjour shops in our retail stations that provide a variety of products and services to our customers. This includes coffee shops such as Café Bonjour and Mugg & Bean. This is part of our customer-centred food and shop approach in the retail business, which is a key pillar of our market strategy to provide modern and friendly points of sale that make a difference to our clients.

Other shop, food and services (SFS) offers available at our service stations include banks, ATMs, chemists, car washes, service bays and restaurants in collaboration with other third-party partners.

2.3.3 Quartz Auto Service

Our professional Quartz Auto Service is available at TotalEnergies service stations countrywide and is tailored to suit the needs of both old and modern vehicles. Quartz Auto Service offers professionally trained mechanics, 10-point vehicle checks to guarantee optimum performance and safety, quality TotalEnergies lubricants and service parts that meet original equipment manufacturer (OEM) specifications, and free service with each oil purchase.

2.3.4 Car Wash and Care

TMK has revolutionized the car wash concept by offering the first branded service. The auto clean concept does not require customers to make an appointment and they are able to see the clearly displayed price range from the onset enabling them to choose the package that meets their needs.

We also have a proper wash bay that offers professional service and use of high-quality cleaning products.

2.4 Corporate Governance

TMK is run under the direction of the Board of Directors (BOD) who are responsible for corporate governance. The Board is committed to the highest level of corporate governance, which we consider critical to business integrity and maintaining investors' trust in the company. The core corporate governance guidelines and regulations applying to the company are the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Capital Markets (Licensing Requirements) General Amendment Regulations, 2016, as issued by the Capital Markets Authority and international best practice.

The Board has a charter that documents its corporate governance practices and principles. This is in recognition of the role of good governance in corporate performance, maximization of shareholder value and protection of investors' rights, and promoting the company's self-regulation standards.

We have structured the board into committees that are responsible for providing oversight of company functions. These include the Board Audit, Nomination and Remuneration, and the Risk and Governance Committees. The Board ensures that the Company's strategies promote sustainability giving attention and consideration to ESG aspects across the business and providing oversight and leadership.

2.5 Membership and Affiliations

TMK is a member of several industry associations and affiliations that help us to achieve our business objectives and to contribute to the development of the Kenyan economy. In 2022, we became a member of the Kenya Association of Manufacturers (KAM), an industry body that represents manufacturers in Kenya. Through KAM membership, the company can participate in various industry events, share knowledge and experiences with other members, and have a voice in advocacy and policy development initiatives. Additionally, TMK is committed to supporting local businesses and communities in Kenya through partnerships and initiatives that promote economic development and social welfare.

Official Launch of Ampersand electric motorcycle battery swapping & charging station at TotalEnergies Hurlingham Service Station

3. IMPLEMENTING OUR ESG STRATEGY AND PRIORITIES

3.1 Global Developments Shaping our Future and ESG Trends

As a subsidiary of TotalEnergies global energy Company, TMK is impacted by the major developments shaping our future, including sustainability, social responsibility, and climate change. It is important for the company to be aware of these developments and to align its practices with emerging ESG trends to ensure long-term success and growth.

One of the major global developments is the transition to clean energy. Governments and companies are increasingly investing in renewable energy sources, such as solar and wind power in order to reduce carbon emissions and mitigate climate change. Secondly, there is a growing awareness on the social responsibility of businesses Consequently, consumers have become more conscious determining their purchasing decisions and are demanding transparency as they take interest in ethical practices from companies.

In Kenya, the Government has set a target of achieving 100% renewable energy by 2030. This presents an opportunity for TMK to invest in renewable clean energy through our multi-energy transition.

As a result, TMK will continue taking a proactive approach towards ESG trends, integrating sustainability into our core strategy and operations. By doing so, the company will meet the evolving demands of consumers and other stakeholders.

3.2 Our ESG Approach

TotalEnergies' vision is to become a major player in the energy transition to net zero by 2050. This has inspired action towards environmental, social and governance impacts and performance as the company works collectively towards a more inclusive and sustainable tomorrow. TotalEnergies has therefore structured its CSR approach towards contributing to the achievement of the United Nations Sustainable Development Goals (SDGs).

As a company, we are at a key moment in our transition and placing Sustainable Development at the heart of our Strategy, Projects and Operations to become a multi-energy company. In Oct 4th, 2022, TotalEnergies launched Sustainab'ALL program, a roadmap to guide us through our sustainable development ambition from 2023-2025.

Our sustainability approach will be based on four axes namely Climate and Sustainable energy, People's well-being, Care for the environment and Creating value for society. TMK is therefore implementing 10 key performance indicators (KPIs) in support of the of Sustainab'ALL program. As a company, we will support the SDGs in our business and consequently the SDGs will enable us in the transformation.

The 10 KPIs (see details under material topics below) are in addition to our commitments to safety, our core values, and to the climate, for which we have a carbon neutrality ambition and specific targets.

OUR 4 AXES OF SUSTAINABLE DEVELOPMENT

Climate and Sustainable Energy

People's well being

Care for the Environment

Creating Shared Value

Sustainab'ALL

10 SUSTAINABLE KPIS TO MEASURE OUR SUSTAINABILITY PROGRESS WORLDWIDE DEPLOYMENT FROM 2023-25

OUR KPIs	OUR CONTRIBUTION TO SDGs
TotalEnergies, becoming a global player in Sustainable Energy	
1 Low-carbon energy produced, or low-carbon energy sold (in energy unit)	7 Affordable and clean energy; 12 Responsible consumption and production; 13 Climate action; 17 Partnerships for the goals
2 Energy consumption (in energy unit) and low-carbon energy consumption (in energy unit)	7 Affordable and clean energy; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
3 Number of suppliers with local sales over $10,000 with a climate commitment, i.e. having a plan with climate goals (in number and in % of total number of suppliers)	13 Climate action; 17 Partnerships for the goals
4 Number of innovative solutions that help us use less and better energy, or produce and sell more low-carbon energy	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 13 Climate action
Thanks to our commitment to a just transition for our people	
5 The level of employee engagement measured once a year via TotalEnergies' engagement index	8 Decent work and economic growth; 3 Good health and well-being
6 Number of hours of training per employee per year	8 Decent work and economic growth; 4 Quality education
7 Share of women among NP14+ (in %) and share of international staff among NP15+ (in %)	8 Decent work and economic growth; 5 Gender equality; 10 Reduced inequalities
TotalEnergies saves natural resources	
8 Sum of weight of recycled waste and recycled feedstock (in tons)	12 Responsible consumption and production; 6 Clean water and sanitation
9 Number of biodiversity plans being deployed	14 Life below water; 15 Life on land
TotalEnergies creates shared value	
10 Share of spending with local stakeholders as a % of total spending = local wages + local spend + societal spend/opex + capex (in %)	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities

3.3 Reporting Scope and Boundary

This fifth Total Energies Marketing Kenya PLC Sustainability Report is produced as part of our Annual Report and Financial Statements. It sets out to provide a transparent overview of our performance and activities towards ESG impacts during the fiscal year ending December 31st, 2022. The report's core focus is on our sustainability ambition guided by priority UN SDGs identified as outlined throughout this report.

3.3.1 Reporting Frameworks

The report has been prepared in accordance with the Global Reporting Initiative (GRI) standards: Core option in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the SDGs.

GRI STANDARDS

TCFD TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES

SUSTAINABLE DEVELOPMENT GOALS

3.4 Stakeholder Engagement

Engagement with stakeholders is an essential component of good business practices to grow the business and deliver value. It also helps in gaining better understanding of the impact of our decisions on stakeholders interest and concerns. TMK is committed to establishing constructive relationships with all stakeholders and operate in adherence to our governance, transparency and accountability commitments. TMK has mapped out its key stakeholders into categories and identified appropriate channels and platforms of engagement, which has provided a more systematic way of engaging with them.

The key stakeholders groups include Customers, Suppliers, Contractors and Transporters, Employees, Government, Business partners, Board of Directors, Shareholders, and Local Communities. The feedback and recommendations captured following the various engagements feeds into the business processes to help make any necessary improvements. Through proactive stakeholder engagement, we aim to foster and maintain stronger relations with stakeholders across board.

Furthermore, TMK regularly communicates and engages with a wide range of stakeholder groups through formal meetings, open forums and during company annual events namely the customer service week, dealers conference and contractors' seminar.

3.4.1 Stakeholder Survey and Findings

In 2022, TMK conducted a stakeholder engagement at our depots in Nairobi, Kisumu, and Mombasa. The engagement was guided by the SRM+ tool, which aimed to assess relationships with key stakeholders, understand their concerns and expectations, and identify priority areas for improvement to strengthen TMK's integration in the community.

A total of 224 main stakeholders were identified, out of which a sample of 66 were interviewed. The main finding from the engagement was that TMK sites have good relations with stakeholders and a corporate reputation of high safety standards and compliance, including strict adherence to business regulations. The feedback was that most stakeholders look up to the depot team to share best practices, and are keen to coordinate their efforts in training, safety, and operational excellence with TMK. In addition to that, stakeholders identified some areas for improvement such as strengthening the integration of depots with the community to support local economic development and increasing the visibility of TMK's CSR projects towards social and human development.

TMK has therefore developed action plans to broaden stakeholder engagements within the depots' neighbourhood through collaborative meetings and increasing information sharing on Health, Safety and Environment Return on Experience (HSE REX) and standards. Additionally to enhancing our contribution to local community through the various CSR programs.

Below is a summary of our stakeholder interactions in 2022:

Stakeholders	Topic of Interests	Engagement Channel and Frequency
Customers	• Customer satisfaction • Customer experience and engagement • Quality products, services, and solutions	• Customers are engaged via social media, frequent customer satisfaction surveys, customer service week and other customer events
Service providers (Suppliers, contractors & transporters)	• Active player in local economy • Communication • Policies on health and safety, Human rights and Anti-corruption	• Suppliers/contractors are engaged through seminars, audits, evaluations, questionnaires and Code of Conduct
Employees	• Long-term employability • Develop skillsets • Employee engagement and development	• Employees are engaged via regular dialogue sessions and forums by senior management and questionnaires, company intranet as well as frequent employee activities

Government and regulators	• Transparency
	• Sustainable relationships
	• Maintaining confidence in our management capacity and performance
	• Management of stakeholders' concerns regarding:
	    • HSE impacts
	    • Environment
	    • Health
	    • Safety
	    • Traffic nuisances
	    • Other nuisances
		• Maintaining Communication with Government and regulators through regulatory and legal reforms/changes and meetings

Neighbouring communities (Depots, industrial areas, civil society, and business partners)	• Road safety • Economic empowerment • Education • Health • Access to energy • Environmental issues	• Community investments and CSR donations • Sporting events
Board of directors	• Strategic planning • Financial performance and reporting • Risk management and mitigation strategies • Compliance with legal and regulatory requirements • Board governance and oversight of management	• Meetings are held with BOD members to maintain transparency • More information is shared on the website through shareholder reports

3.5 Material Topics

The GRI Standards define 'impacts' as the effects an organization could have on the economy, environment, and people including human rights because of its activities or business relationships. Organizations have the potential to contribute to sustainable development and the SDGs by enhancing their positive and mitigating their negative impacts.

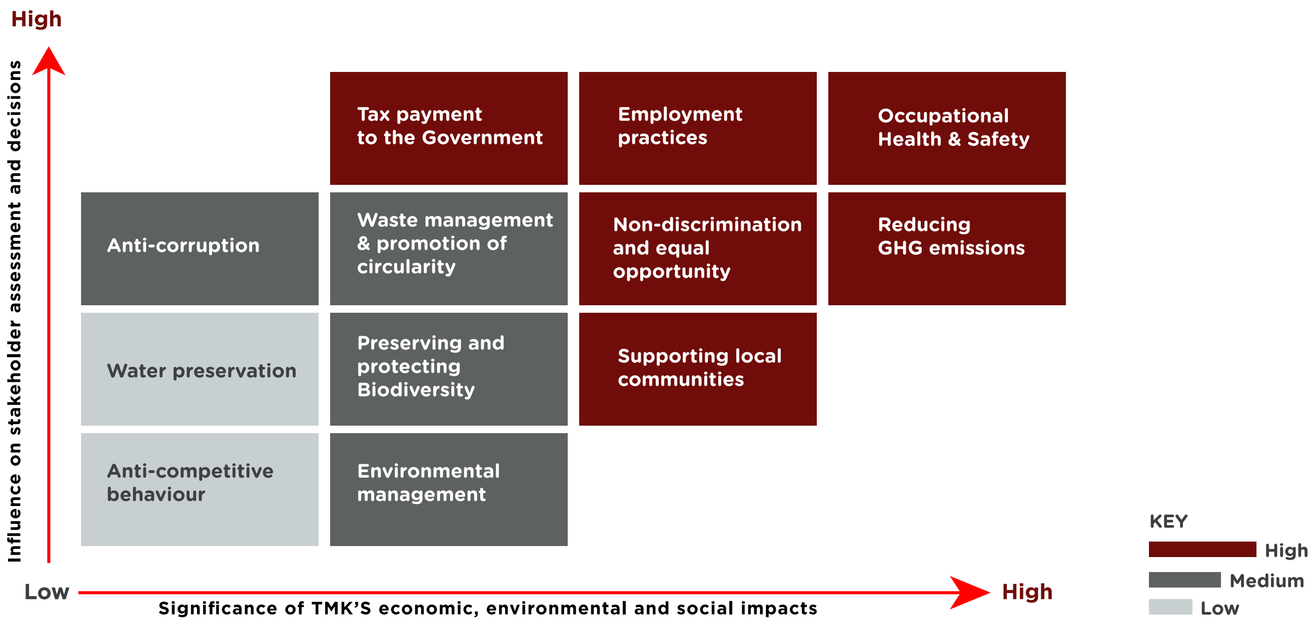
Material topics are those representing our most significant impacts on the economy, environment, and people. TMK incorporated the GRI 11: Oil and Gas Sector 2021 Standards while identifying our material topics. We conducted a workshop to introduce these new reporting standards. We identified TMK's material impacts on the environmental, social, and economic aspects and made selection on most significant impacts in each category to determine our material ESG topics. This was done considering GRI 11: Oil and Gas Sector 2021 Standards.

The material topics have been mapped to our 10 KPIs aligned to the four pillars as outlined below:

TMK's Material ESG Issues	10 KPIs
Climate change	Produce and sell more decarbonized energy Consume less and better energy within TotalEnergies Promote climate-responsible suppliers Innovate in support of our transformation
Waste	Favour a circular economy in our operations: reduce and valorize our waste and increase the use of circular and sustainable resources
Biodiversity	Mobilize the company for biodiversity
Occupational health and safety	Develop our people's engagement
Employment Practices	Enhance the skillset of our people to ensure the successful transformation of our businesses
Non-discrimination & equal opportunity	Advance inclusion in our company
Tax payments to Government	Create prosperity in the territories where we are present/operate
Support local communities	
Anti-competitive behaviour	
Anti-corruption	

3.5.1 Materiality Matrix

TotalEnergies Marketing Kenya PLC Materiality Matrix



TotalEnergies Marketing Kenya PLC Material ESG issues

Environmental

- Reducing Greenhouse Gas Emissions
- Environmental Management
- Preserving and Protecting Biodiversity
- Promoting Circularity and Managing Our Waste
- Water Preservation

Social

- Occupational Health and Safety
- Employment Practices
- Non-Discrimination and Equal Opportunity

Economic

- Payment to the Government
- Anti-Corruption
- Local Communities

4. CLIMATE AND SUSTAINABLE ENERGY

TMK is committed to progressively reducing greenhouse gas (GHG) emissions from our operations and business segments through various initiatives to manage climate-related transition risks while supporting global efforts to mitigate the impacts of climate change. In 2022, we continued with our journey towards achieving our target of net zero GHG emissions associated with our operations.

Our stakeholders, including shareholders, customers, communities, and the government, are concerned about climate change, and expect us to report on risks, opportunities and approaches to GHG emissions, and demand eco-friendly business management policies. Therefore, our actions as TMK is to address climate change revolve around these areas, as outlined in various sections below.

4.1 Reducing Greenhouse Gas Emissions

GHG emissions are the single biggest contributor to climate change, posing significant risks to human health, the environment, and the global economy. TotalEnergies is transforming into a multi-energy company and deploying specific action plans to move aggressively to curtail emissions at our operated sites.

4.1.2 Scope 1 and 2 Emissions

TMK is committed to reducing the direct and indirect scope 1 and 2 emissions resulting from our operations. Scope 1 are direct emissions related to company's activities. Scope 2 are indirect emissions attributable to brought-in-energy (electricity, heat, steam).

4.1.2.1. Solarizing stations and sites

TMK is focusing on renewable energy from solar and energy efficiency initiatives to reduce our reliance on the grid electricity. We have been actively solarizing our service stations and our industrial sites as part of our efforts towards reducing GHG emissions. Notably, 143 stations have been solarized to date and we target to install in our entire network of service stations and industrial sites.

Solar panels installed at our Head office

4.1.2.2 Use of reliable and sustainable lighting

As a company, we continue to implement our energy efficiency programs at our operated sites in efforts to further reduce our energy use. The measures adopted are conversion of the lighting in our industrial sites and head office from halogen to LED lighting to reduce energy consumption. Smart lighting systems in our head office have been equipped with auto sensors to detect occupancy and adjust lighting levels accordingly. Additionally, the company has installed sky lighting sheets at our depots and warehouses that use natural light reducing the need for additional lighting. We also plan to install solar street lighting in our depots and stations to further reduce energy consumption and provide a reliable and sustainable lighting source for these areas. Our electricity consumption declined to 2,507MWh in 2022 from 2,713MWh in 2021, thus saving of 205MWh, an overall 8% reduction in electricity consumed.

4.1.2.3 Shift to cleaner energy sources

TMK has changed the type of equipment used in material handling operations and replaced fuel-powered forklifts with LPG and electric-powered ones in our depots. This shift to cleaner energy sources reduces our carbon footprint and contributes to cost savings in the long run.

4.1.2.4 TMK's Scope 1 and 2 Emissions

The overall scope 1 and 2 GHG emissions in year 2022 were 771 metric tonnes of CO_2 equivalent (TCO_2e), a significant drop by 5.9% from 2021. As a company we strive to further lower and prevent the carbon emissions from our operations including accelerating our energy efficiency initiatives.

4.1.3 Collaboration with industry for biofuel development

Other actions taken by the company is advocating for biofuel development in the country in collaboration with PIEA, a professional body for the oil and gas industry in Kenya and East Africa region. Together with the industry stakeholders, we participated in developing petroleum standards and regulations to deploy biofuels in Kenya. TMK successfully advocated for the gazettement of B5-B100 standards by the Kenya Bureau of Standards, a great achievement in the regulations and will progressively continue engaging MoEP and EPRA on appropriate transition and integration of conventional fuels with biofuels. In addition to that, TMK is to pilot the sale of biodiesel to our customers in the near future.

4.1.4 Scope 3 Emissions

TMK also recognizes the importance of addressing Scope 3 emissions which are related to the use of energy products by our customers. As a company our multi-energy transformation will support our customers in the transition to focus on the low carbon energy solutions.

Solar lanterns are part of our business portfolio providing clean and affordable energy to customers who may not have access to electricity. The lamps are sold through our extensive service station network, other reseller outlets, and in partnership with corporate organizations, NGOs, MFIs and SACCOs. Through Access to Energy program a total of 501,000 solar lamps have been distributed impacting over 2.5 million lives since the program was launched in 2011. In 2022, the company impacted 98,134 lives by selling 20,444 solar lamps to end-users as compared to 2021 where 135,591 people were reached through the distribution of 28,248 solar lamps.

This demonstrates the company's commitment to providing access to clean energy to underserved communities and improving their quality of life.

4.2 Environmental Management

In 2022, our depots and service stations underwent the annual environmental audit conducted by SGS Kenya, a National Environmental Management Authority licensed environmental expert. This is in line with the requirements of Environmental Audit Regulations, a mandatory legal requirement to be conducted once every year.

The audits are structured to focus on several areas, including solid waste management, wastewater/effluent water management, air quality, noise protection, protection of soil and surface and groundwater sources, housekeeping, health and safety, fire and electric safety, energy and water resources, and stakeholder consultation. The outcome of each audit was an action plan known as the Environmental Management Plan (EMP) to address some few areas detected. Corrective and preventive actions are being implemented to ensure continuous improvement.

4.3 Preserving and Protecting Biodiversity

TMK is actively engaged in planting of trees to increase the country's natural forest cover. In 2017, the Eco-Challenge program underwent a re-engineering process to scale it up, improve on monitoring and evaluation on aspects of tree survival and make the initiative have a wider impact.

In 2022, the company facilitated the planting of 30,287 trees across various sites in Kenya, with various partners, including Kenya Water Towers Agency for Mau Forest, Kenya Forest Service, and the local community for Majoreni and Karura Forest Management (Friends of Karura Forest Association).

These partnerships helped to ensure that the tree-planting efforts were carried out sustainably and effectively. In particular, we planted 20,000 seedlings at the Mau Forest, 7,000 at Majoreni, Kwale County, 3,000 at Karura Forest and 287 seedlings planted at various events and ceremonies across the year. The tree planting exercise involved the participation of 136 staff members.

In 2022, TMK celebrated World Environment Day by focusing on biodiversity and the theme was "Protecting biodiversity is our collective responsibility. Together, we act daily to protect it".

TMK staff members taking part in tree planting at Karura Forest

30,287

Number of Trees we planted in 2022

22,010

Number of Trees we planted in 2021

4.4 Waste Management Strategy and Promotion of Circular economy

TMK is driven by effective management and reduction of waste generation. We target to reduce our waste intensity for our offices and industrial sites by continuously investing, innovating, and adopting leading edge technology to significantly reduce industrial waste.

All the company's generated waste at both our plants and service stations is disposed off in accordance with local waste regulations. In line with the principles of a circular economy, TMK is committed to waste minimization and efficient use of resources throughout our value chain.

4.4.1 Safe Waste Oil Disposal

The Safe Waste Oil Disposal (SWOD) initiative was initially launched in 2012 and re-launched in 2017 by members of the Petroleum Institute of East Africa (PIEA) of which TMK is a founding member. The objective was to collaborate in facilitating the collection and safe disposal of used oil. PIEA appointed Geocycle Limited, an affiliate of Bamburi Cement PLC and a NEMA approved hazardous waste handler and disposal agent to collect the used oil from the members facilities. In 2022 the volume of used oil collected from TMK sites was 107,880 litres.

4.4.2 Plastic Waste Recycling

To reduce plastic pollution, TMK and Mr. Green Africa, a pioneer recycling company in East Africa partnered in 2021 to raise awareness, influence attitude, and positive behaviours on safe disposal of plastic waste. The partnership launched two plastic waste collection points on a pilot basis at the Gigiri and Ngong Road service stations in Nairobi.

Mr. Green transports collected plastic to its treatment facility for recycling and reuse. A total of 18 metric tonnes of plastic waste was collected in 2022 compared to 15 metric tonnes in 2021.

Our customers earn "green points" every time they deliver plastic waste to the collection points which can be redeemed with purchases made at our Bonjour shops. Our ambition is to continue promoting more plastic collection points and target to roll out to eight more stations in 2023.

A customer delivering used plastic containers at Mr. Green collection point at Gigiri Service Station

4.4.3. Electronic Waste Management

TMK has an ongoing partnership with the Waste Electrical and Electronic Equipment (WEEE) Centre in Kenya to collect used electronic products from our sites, dismantle and upgrade the use of the electronic waste materials at our sites. In the last 5 years, TMK and WEEE Centre, have safely disposed defective solar lanterns.

The partnership has launched two electrics and electronic waste collection points at Gigiri and Ngong Road service stations in Nairobi and a total of 0.5 metric tonnes of waste has been collected. Discussions are ongoing to extend the collaboration to include circular solutions, increased collection points & awareness creation.

From left, Dr. Musili, Board Chairman of WEEE Centre and Mr. Eric Franchini, TMK Managing Director at an event to promote the safe disposal of electrical and electronic waste in Kenya

4.5 Water Preservation

Water is an essential resource for nature and humankind. There is need therefore to prioritize the responsible use of water resources in our operations.

4.5.1 Rainwater Harvesting

TMK recycles rain-harvested water at its stations for non-potable purposes such as car washes and other cleaning activities optimising the use of water. This sustainable approach not only conserves water but also the innovation solves the problem of water shortage in the station through installing of gutters to harvest rain water from the roof top and store it for use.

In 2022, TMK used 30,755.6 cubic meters of water, mainly for cooling tanks during fire drills held every month for emergency preparedness. Other uses included tank cleaning or rehabilitation and general sanitation at the depots and offices.

Water is precious and every drop counts! This is why, at TotalEnergies, we are testing solutions to harvest it.

5. SOCIAL

Holistic social approach puts positive human impact at the center of every ESG transformation. The social sustainability strategies center on maintaining a healthy corporate culture, diversity and inclusion, human rights and community engagement. Providing employment opportunities, investing in education, safety and well-being, creating a diverse and inclusive workplace and respecting human rights are critical key social aspects that TMK strives to implement.

TMK is committed to attracting and retaining skilled individuals, ensuring safety and well-being of staff and respecting the rights of individuals and communities. In this report, we reflect on our drive to embed social value more profoundly into our business strategy and positively impact the communities and stakeholders.

This section of the report covers our social material topics.

5.1 Occupational Health and Safety

Safety is more than a priority at TMK. It's a core value on which we do not compromise for any reason. It's the cornerstone of our operational excellence in all of our business lines. Everyone who works at our sites must be able to return home safe and sound at the end of their workday. As a company, occupational health and safety is important to protect the safety, health and welfare of employees and the contractors engaged at our sites. Together, as employees of TMK and contractors, we commit to personal and collective safety on a daily basis in our operations and on our sites with a common goal of "Zero fatal accidents."

Occupational health and safety system and policy are implemented as mandated by the Directorate of Occupational Safety and Health Services (DOSHS) and TotalEnergies standards. This includes undertaking safety audits and risk assessments, safety inspections, hazard identification, conducting statutory annual occupational safety and health administration (OSHA), fire safety audits, and medical checks. Additionally, employees are encouraged to communicate near misses, anomalies, accidents or incidents using provided reporting tools and sharing safety moments to report work-related hazards and hazardous situations.

Additionally in the year, all staff attended the mandatory Health, Safety, Environment and Quality (HSEQ) training to reinforce the safety culture in the organization. As a company, we also have employee health and wellness program that includes regular medical check-ups. By implementing and continuously improving our OHS practices, we aim to prevent accidents and injuries, reduce lost time due to work-related illnesses, and improve employee well-being.

5.1.1 Adapting to our Golden Rules at Work

TotalEnergies has put in place the 12 Golden Rules for Safety at Work a key tool for achieving our safety objectives. These rules apply to all employees and contractors in all the countries and business segments in which the Company is active. The aim of the Golden Rules is to set out simple, easy-to-remember rules that cover a large number of occupational accidents. The Stop Card system in place also enables any employee of the Company or a contractor to intervene if, for example, any of the Golden Rules are not being followed.

In 2022, the Golden Rules were revised to integrate feedback of past accidents in the company and the industry. Two new Golden rules were added; Hot work (risk of fire or explosion) and Line of fire (risk when a person is directly in the path of a hazard). The revision was a key theme at our World Day for Safety, which brought together all company employees and contractors at our operated sites. After this launch, the revised Golden Rules were deployed in the second half of 2022 at all sites.

Our 12 Golden Rules

1 | High-Risk Situations

2 | Traffic

3 | Body Mechanics & Tools

4 | Personal Protective Equipment

5 | Work Permits

6 | Lifting Operations

7 | Powered Systems

8 | Confined Spaces

9 | Excavation Work

10 | Work at Height

11 | Hot Work

12 | Line of Fire

One Maestro, Our HSE Management System

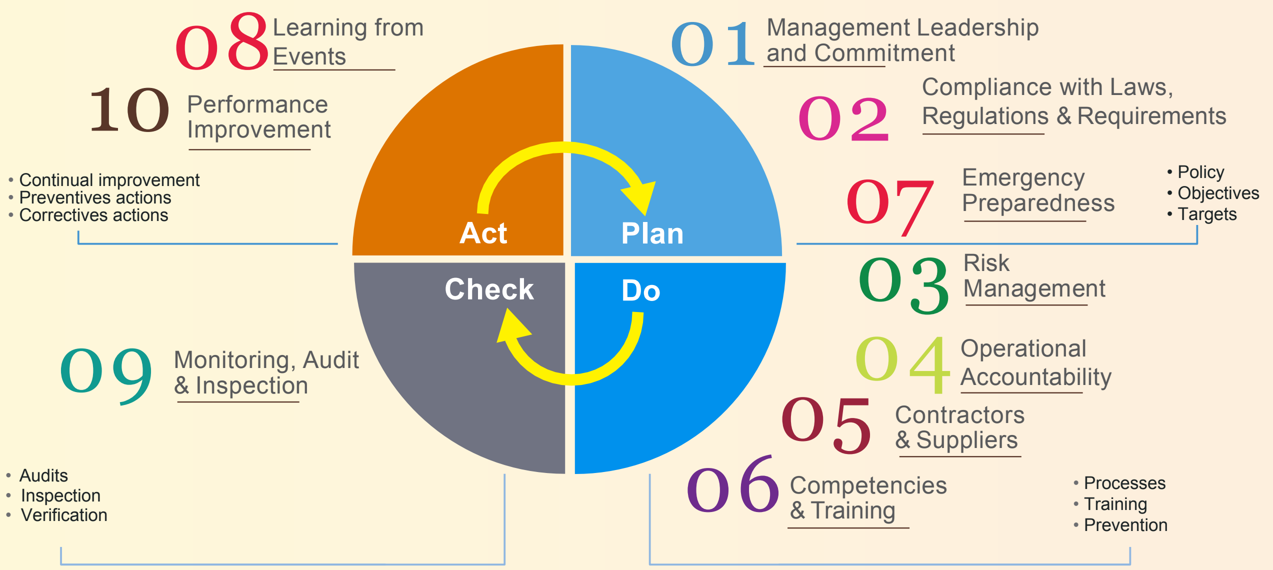
TotalEnergies has established a set of standards shared by all of our business sectors - the One MAESTRO (Management and Expectation Standards Towards Robust Operations). It is divided into 10 essential principles and includes requirements adopted from international standards on environmental management (ISO 14001:2015) and OHS (ISO 45001:2018). The One MAESTRO standards form the basis of our safety culture.

They are used to address and prevent the many hazards specific to our industry: major industrial accidents (risks that are technological) and to the integrity of our facilities, workplace and transportation accidents, and risks to occupational health and the consumer.

We have implemented the ONE MAESTRO Health, Safety, Environment and Quality (HSEQ) policies, annual objectives and KPIs, as highlighted in the figure below:

ONE MAESTRO PRINCIPLES CYCLE

ONE MAESTRO - Management And Expectation Standards Towards Robust Operations - is the Group HSE management systems framework, Demming's PDCA wheel used to promote the continual improvement of processes, procedures and/or management practices following a logical sequence of four repetitive steps:



5.1.2 Our Lives First Program

TotalEnergies rolled out Our Lives First program worldwide in 2019, a zero fatal accidents program. The program introduced joint safety tours with contractors, incorporated permit to work process of a ritual to be performed prior to undertaking work at the Company's operated sites (Safety Green Light), and tools to step up on-site checks and assess compliance with safety rules for eight high-risk activities (working at height, lifting operations, work on process or powered systems, working in confined spaces, hot work, excavation work, manual cleaning using high-pressure jets and Industrial cleaning using mobile pump and vacuum truck).

The Our Lives First program was expanded in 2022, redesigned to implement three types of practical actions at all of sites listed below:

- Life Saving Checks: Based on an analysis of past accidents five activities were identified as generating the highest risk, with the potential for a fatal accident: work at height, work on powered systems, hot work, lifting operations and work in confined spaces. Therefore, safety checklists were drafted for these activities.
- Joint Safety Tours: Front-line presence and safety dialogue have been enhanced to promote a shared safety culture. Joint Safety Tours with senior management and contractors partners are organized.
- Safety Green Light: The goal is to ensure that the intervening teams understand the risks involved before starting work

5.2 Employment Practices

Employment practices is a fundamental aspect defining the relations between employers and employees as expressed in an organization human policy. The employment practices should promote fairness, safety, fair hiring and provide equal opportunity, training and development programs, health and safety initiatives, and employee engagement strategies.

5.2.1 Human Rights in the Workplace

Human rights are moral principles or norms for certain standards of human behaviour and are regularly protected in municipal and international law. They are rights inherent to all human beings, regardless of ethnic origin, sex, nationality, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

TotalEnergies has been committed to respecting them and undertakes to uphold internationally recognised Human Rights especially the fundamental conventions of the International Labour Organization, elimination of child labour, elimination of forced labour, equality of opportunity and treatment (non-discrimination and equal remuneration), freedom of association and recognition of the right to collective bargaining as a socially responsible employer.

TMK ensures these principles are present in all its work and throughout its supply chain, remediating negative impacts where necessary. Safety and respect for each other are at the heart of TMK's values. Respecting each other means respecting Human rights.

5.2.2 Working alongside our Suppliers

As a responsible energy major, TMK works with various suppliers for the supply of goods and services and encourages them to improve their sustainability and be responsible towards climate change. As a company we are implementing a responsible purchasing program forging partnerships with our top contractors to reduce emissions.

5.2.3. New Employee Hires

As a company, we endeavor to improve our workforce diversity and workplace inclusion. We therefore aim to include more women in leadership roles. In 2022, the company hired 20 new employees of which ten were female and ten male representing an equal 50% proportion. The majority of recruited staff were under 30 years.

5.2.4 Parental Leave

TMK provides a healthy balance between work and personal life for its staff. Female employees are entitled to three months maternity leave with full pay, and male employees two weeks paid paternity leave in line with the guidelines set by the Kenyan government. In 2022, five female and eight male employees took maternity and paternity leave, respectively. Additionally, the company has a lactation room in Head Office that provide a comfortable working environment for new mothers.

5.2.5 Employees Skills Training

At TMK, our employees are at the heart of our performance and their engagement is essential to the success of our transformation. Developing everyone's skills is a major challenge for a just transition. Our goal is to empower all employees to take charge of their career development. Every year, we conduct extensive training programs for our staff in a variety of areas, including HSEQ compliance, functional, and cross-functional training. These training programs are designed to equip our staff with the necessary skills and knowledge to perform their roles effectively and contribute to the company's growth. The company utilizes both physical face to face and online learning sessions.

In 2022, all our employees undertook cross-functional and functional trainings according to their role requirements. The average training days per employee was 7.1 in the year compared to average 3.7 days of training per employee in 2021. The increase in the days training was a result of additional employee education in support of the company's business transformation.

Notably in the year, a multi-energy training dubbed "Visa for TotalEnergies" training was rolled out to inform employees about climate challenges and our new ambition. This training allowed staff to better understand the context and the transformation of our company to be a key player in the energy transition.

In addition to that, TMK provide pre-retirement training on financial management as transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement.

5.3 Non-Discrimination and Equal Opportunity

TMK is committed to providing equal opportunities in all aspects of employment and we maintain policies that prohibit any discrimination or harassment. As a company we are keen on creating an inclusive and respectful workplace for all staff and stakeholders regardless of their ethnic origin, gender, age, religion that which is applied during our recruitment process, promotion, and retention policies.

5.3.1 Diversity of Governance Bodies and Employees

TMK has two central governance bodies, the Board of Directors and the Management Committee. In 2022, there were no significant changes in the composition of the Board of Directors (BOD). We closed the year with nine directors, compared to ten in 2021. One Director resigned and we are in the process of replacing with a new Director. Additionally, one non-executive director appointed from TotalEnergies' head office was replaced.

In regard to the Management Committee, the number of female members dropped to three from four in 2021 due to work reappointments. Despite this change, TMK remains committed to creating a diverse and inclusive environment in our governance bodies.

5.3.2 Whistleblowing Policy and Grievance Mechanisms

TMK encourages a climate of dialogue and trust, enabling individuals to express their opinions and concerns and has several whistleblowing mechanisms open to employees, suppliers and third parties. As a company, we believe in conducting our business affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity, and ethical behaviour. TMK is committed to developing a culture where it is safe for all employees, suppliers, and other stakeholders to raise concerns and grievances about any unacceptable practice and any event of misconduct.

Employees are free to contact their line manager, a human resource or another manager, a compliance officer, or an ethics officer. In addition to that, in the company website, all stakeholders are advised to report actual and suspected corruption, bribery, fraud, theft or non-compliance with laws, rules and regulations to a confidential and dedicated email address: ethics.ke@totalenergies.com.

6. ECONOMIC

TotalEnergies creates economic and financial value in the countries in which it operates, which benefits Governments, economic partners including suppliers, employees and its shareholders. Consequently, TMK operates with transparency, accountability, and observes good governance practices while complying with the various public policies and regulations for running our operations. This includes making payments to the Government in the form of taxes, and other fees as required by law, avoiding anti-competitive behaviour, fighting corruption and bribery through robust policies and procedures and overall engagement and support to our local communities. The company also adhered to all statutory requirements, including holding an Annual General Meeting, paying dividends, and undertaking an audit exercise to review books of accounts.

This section of the report covers our economic material topics.

6.1 Tax payment to the Government

TMK ensures compliance with government statutory requirements and pays our share of tax, making a substantial contribution to the economic development of our country. As a company we paid taxes amounting to KShs 39.8 billion in 2022, compared to KShs 41.6 billion in taxes paid in 2021.

6.2 Anti-Corruption

6.2.1 Risk Assessment of Corruption and Fraud Risk

TMK emphasizes compliance and risk management and conducts a company-wide risk assessment of corruption and fraud risks.

During the last risk assessment in 2020, the risks identified included theft of cash, misappropriation of products, and counterfeiting. To mitigate these risks, TMK implemented various measures.

In line with TotalEnergies guidelines, risk assessment is done every 3 to 5 years. A new risk assessment will be conducted in the year 2023.

6.2.2 Anti-corruption Training

During the year, the company's anti-corruption policies and procedures were communicated via emails and made accessible to everyone to ensure that all members of staff, board and management committee are aware. We also continued to communicate our rules and procedures through various channels, including e-learning courses, classroom/online training, staff forums, and tone at the top messages.

TMK conducts routine training to sensitize and maintain high standards of integrity and anti-corruption among staff. The company also has an open-door policy through which any employee can raise any integrity issues with management and a compliance hotline through which they can report any integrity issues. The company advises all employees and stakeholders to report any actual or suspected corruption, bribery, fraud, theft, or non-compliance with laws, rules, and regulations to a dedicated email address.

Furthermore, we communicated TotalEnergies' code of conduct to all our business partners, including suppliers, transporters, and dealers, and conducted compliance awareness sessions for them. The company also completed mandatory compliance training for all staff on various topics, including anti-corruption, fraud awareness, human rights, and competition law.

6.2.3 Anti-competitive Behaviour

As a responsible corporate entity, TMK places great importance on complying with anti-trust and monopoly legislation. In this regard, we are pleased to report that during the year, no reported incidents from consumers, the public or the Competition Authority of Kenya and Capital Markets Authority touched on TMK's business operations, and no legal action was taken against us regarding anti-competitive behavior or violations of such legislation.

6.3 Supporting Local Communities

Local communities are important stakeholders for the business operations and more companies are contributing to the well-being of local communities as part of their broader commitment to corporate social responsibility (CSR). As a company we aim to contribute to the sustainable local development by working with communities and the society at large while making a positive impact on communities.

6.3.1 Startupper Challenge

TotalEnergies began to run the Startupper of the year challenge in year 2015. This was a group's initiative stemmed from the Corporate Social Responsibility policy of the TotalEnergies Company to support the socio-economic development of all countries where it operates worldwide. The first & second editions of the "Startupper of the Year Challenge was held in 34 countries in Africa and in 60 countries worldwide. Through the challenge, TotalEnergies supports young entrepreneurs aged between 18 and 35 years who have innovative initiatives with a strong social impact in their communities.

Startupper Challenge in Kenya

In Kenya, the Third edition of the Startupper of the Year by TotalEnergies Challenge was ran between November 2021 and June 2022. The applications received were evaluated for their innovative nature, feasibility & development potential and on their response to the challenges of sustainable development. 15 Finalists pitched before a jury with three wining projects selected:

- Best Business Creation project: Joseph NGUTHIRU – HYAPAK
- Best Startup Under 3 Years Old: Paul MUHIA - ZERO-EMISSION JUA EBIKES
- Best Female Entrepreneur & Grand Winner: Nyaruai MURIITHI - NYUNGU AFRIKA

Nyaruai MURIITHI of Nyungu Afrika also emerged as Grand Winner (Across Africa) as the Best Female Entrepreneur earning her a chance to attend an acceleration program in Paris.

Each winner received a financial support of Kshs 1.65M, media visibility and personalized coaching in partnership with Kenyatta University.

The Startupper of the Year Challenge clearly demonstrates the company's commitment to supporting business creation in Africa and contribute to job opportunities for young people.

6.3.2 Road Safety

Road safety is a global challenge. The World Health Organisation's 2018 road safety status report reveals that the risk of dying from a road traffic crash is highest in Africa at 26.6 per 100,000 population against a global average of 18.2. Kenya's death rate is 27.8 per 100,000 population. Road safety is part of the Sustainable Development Goals with specific targets for road crash death and injury reduction and ensuring transport systems are safe and sustainable. The United Nations declared two decades of action for road safety (2011-2020 and 2021-2030) and called on the public and private sectors to support the plan.

TMK road safety campaigns

6.3.2.1 Training and Awareness-raising for Road Injuries

Safety is a core value for TMK. The company has promoted road safety over the years through various initiatives covering children's road safety, reduction of occupational risks related to transport, and formation of a road safety NGO known as Safe Way Right Way (SWRW) in Kenya. SWRW was formed in 2011 in Kenya and works closely with the private sector, government agencies, and civil society organizations in promoting road safety. SWRW has implemented road safety programs including commercial motorcycle rider training, road safety drills, medical equipment donations, eyesight checks for truck drivers, route hazard mapping of the Northern Corridor, road safety awareness campaigns through caravans and social media, road safety advocacy, and establishment of a roadside wellness center in Jomvu.

In 2022 SWRW trained 843 motorbike riders on road safety, first aid, sexual and gender-based violence awareness and correct use of riding gear. It also supported the execution of two road safety drills in Mai Mahiu and Lari in Kiambu to improve post-crash response to mass casualty road traffic crashes by public emergency response agencies. SWRW and TMK created and disseminated, via social media, monthly road safety messages on road traffic crash risk factors.

6.3.3 Corporate Social Responsibility

TMK promotes CSR and is committed to building thriving communities by ensuring our projects have a positive impact. As a company we sponsored eleven CSR projects amounting to KShs 15.8 million supporting various social responsibility initiatives. TMK made donations towards tree planting at Majoreni and Mau Forest, the vulnerable groups in SOS Children's Villages and school girls in Western Kenya, golf tournaments to raise funds for charity, off-road driving challenges to support biodiversity conservation, supporting charity runs for cancer and heart disease awareness, and providing competency training for untrained motorcycle riders in Nairobi. Details of the projects are in the table on the next page.

TMK CSR Projects in 2022

Recipient	Donations (KShs)	Contribution	Details
Majoreni mangrove tree planting	800,000.00	Cash	Planted 7,000 mangrove seedlings at Majoreni, Kwale County in conjunction with the local community under the EcoChallenge program.
Aga Khan Academy (Mombasa)	250,000.00	Cash	Sponsorship of a golf charity tournament in aid of the Aga Khan Academy Mombasa's scholarship fund for needy students.
Nairobi Metropolitan Services (NMS) via PIEA (Petroleum Institute of East Africa)	50,000.00	In-kind	Donation of fuel towards emergency repairs of Tanga Road in Industrial Area, to avert potential incidence escalation in case of fire emergency at the fuel depots located on this road.
Rhino Ark Charitable Trust (Rhino Charge 2022)	964,749.00	In-kind	Fuel sponsorship of the Rhino Charge 2022, an off-road driving challenge organized in order to raise funds to support the activities of the Rhino Ark Charity Trust, an NGO which works towards the conservation and protection of Kenya's mountain ecosystems, the Water Towers.
Mau Forest tree planting	4,260,000.00	Cash	Planting of 20,000 trees at Mau Forest Block 77 with the coordination of Kenya Water Towers Agency, to help in the rehabilitation of the Mau Forest complex.
Africa Extreme (KARI Bike Challenge 2022)	350,000.00	Cash	Support towards the KARI Bike Challenge, a mountain bike competition aimed at raising funds for Safari Simbaz Trust that uses cycling to support children and youth from disadvantaged backgrounds.
SOS Children's Villages Kenya (Annual Support 2022)	1,800,000.00	Cash	Our annual support for 4 houses at the centre for KShs. 1,800,000 of which KShs. 376,700 came from staff who contributed monthly via payroll. Staff also donated used clothing and other items to the home. interact with the children and present donations.
KCDF (Pamoja 4 The Child campaign)	800,000.00	Cash	A cash donation to the KCDF - Pamoja4. The Child campaign included provision of sanitary kits to school girls in Western Kenya region.
Karura Forest (tree planting)	1,360,000.00	Cash	Planted 3,000 tree seedlings at Karura Forest in two phases on 3ha section of the forest.
Kisumu Heart Centre	49,000.00	Cash	Participation in the 2nd annual charity Kisumu Heart & Cancer Run organised to raise awareness and fundraise for a treatment centre.
Safe Way Right Way (Boda Boda Training)	5,200,000.00	Cash	Competency Training For untrained 863 Motorcycle riders in Nairobi.
Total	15,883,749.00		

7. Global Reporting Initiative (GRI) content index

Statement of use	TotalEnergies Marketing Kenya (TMK) has reported in accordance with the GRI Standards for the period January 2022 to December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

GRI STANDARD	GRI DISCLOSURE No.	DISCLOSURE TITLE	LOCATION/PAGE NO.	MAPPED TO SDGs
General disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	30-36	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	2-2	Entities included in the organization's sustainability reporting	36-38	
	2-3	Reporting period, frequency and contact point	38-39	
	2-4	Restatements of information	30-36	
	2-5	External assurance	Annual report	
	2-6	Activities, value chain and other business relationships	30-36	
	2-7	Employees	33, 45, 47, 48-50	
	2-8	Workers who are not employees	33	
	2-9	Governance structure and composition	36,48 and Annual report	
	2-10	Nomination and selection of the highest governance body	36 and Annual report	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	2-11	Chair of the highest governance body	Annual report	
	2-12	Role of the highest governance body in overseeing the management of impacts	36, and Annual report	
	2-13	Delegation of responsibility for managing impacts	Annual report	
	2-14	Role of the highest governance body in sustainability reporting	Annual report	
	2-15	Conflicts of interest	Annual report	4 QUALITY EDUCATION; 5 GENDER EQUALITY
	2-16	Communication of critical concerns	Annual report	
	2-17	Collective knowledge of the highest governance body	Annual report	
	2-18	Evaluation of the performance of the highest governance body	Annual report	
	2-19	Remuneration policies	Annual report	
	2-20	Process to determine remuneration	Annual report	
	2-21	Annual total compensation ratio	Annual report	
	2-22	Statement on sustainable development strategy	37-38	
	2-23	Policy commitments	Annual report	
	2-24	Embedding policy commitments	Annual report	
	2-25	Processes to remediate negative impacts	39-40	13 CLIMATE ACTION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	2-26	Mechanisms for seeking advice and raising concerns	39-40	
	2-27	Compliance with laws and regulations	33,48 and Annual report	
	2-28	Membership associations	36	
	2-29	Approach to stakeholder engagement	39-41	
	2-30	Collective bargaining agreements	47	

GRI STANDARD	GRI DISCLOSURE No.	DISCLOSURE TITLE	LOCATION/PAGE NO.	MAPPED TO SDGs
Material topics				
GRI Sector Standards - GRI 11: Oil and Gas Sector 2021				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	39-41	
	3-2	List of material topics	40-41	
	3-3	Management of material topics	40	
Topic 11.21 Payments to Governments				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	48	17 PARTNERSHIPS FOR THE GOALS
Topic 11.20 Anti-corruption				
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	48	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	205-2	Communication and training about anti-corruption policies and procedures	48	
Topic 11.19 Anti-competitive behaviour				
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	48	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Topic 11.15 Local communities				
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	48-50	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Topic 11.11 Non-discrimination and equal opportunity				
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	47-48	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Diversity and equal opportunity				
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	48	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
Topic 11.10 Employment Practices				
GRI 401: Employment 2016	401-1	New employee hires	47	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
	401-3	Parental leave	47	

GRI STANDARD	GRI DISCLOSURE No.	DISCLOSURE TITLE	LOCATION/PAGE NO.	MAPPED TO SDGs
Training and Education				
GRI 404: Training and Education 2016				
	404-1	Average hours of training per year per employee	47	4 QUALITY EDUCATION
	404-2	Programs for upgrading employee skills and transition assistance programs	40,46-47	
Topic 11.9 Occupational health and safety				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	45-47	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
	403-2	Hazard identification, risk assessment, and incident investigation	45-47	
	403-13	Occupational health services	45-47	
	403-4	Worker participation, consultation, and communication on occupational health and safety	45-47	
	403-5	Worker training on occupational health and safety	45-47	
	403-6	Promotion of worker health	45-47	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45-47	
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Topic 11.2 Climate adaptation, resilience and transition				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41-42	13 CLIMATE ACTION
	305-2	Energy indirect (Scope 2) GHG emissions	41-42	
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	305-4	GHG emissions intensity	41-42	
	305-5	Reduction of GHG emissions	41-42	
Topic 11.1 GHG Emissions				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	41-42	13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY
	302-3	302-3 Energy intensity	41-42	
	302-4	302-4 Reduction of energy consumption	41-42	
	302-5	302-5 Reductions in energy requirements of products and services	41-42	
Topic 11.5 Waste				
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	43-44	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	306-2	Management of significant waste-related impacts	43-44	
	306-3	Waste generated	43-44	
	306-4	Waste diverted from disposal	43-44	
	306-5	Waste directed to disposal	43-44	

GRI STANDARD	GRI DISCLOSURE No.	DISCLOSURE TITLE	LOCATION/PAGE NO.	MAPPED TO SDGs
Topic 11.6 Water and Effluents				
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	43-44	6 CLEAN WATER AND SANITATION
	303-2	Management of water discharge-related impacts	43-44	
	303-3	Water withdrawal	43-44	
	303-4	Water discharge	43-44	
	303-5	Water consumption	44	
Topic 11.4 Biodiversity				
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	43	15 LIFE ON LAND
	304-2	Significant impacts of activities, products and services on biodiversity	43	
	304-3	Habitats protected or restored	43	

8. ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
BOD	Board of Directors
CSR	Corporate Social Responsibility
DOSHS	Directorate of Occupational Safety and Health Services
ECMs	Energy Conservation Measures
ESG	Environmental, Social and Governance
EMP	Environmental Management Plan
EPRA	Energy and Petroleum Regulatory Authority
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HSE	Health, Safety and Environment
HSE REX	Health, Safety and Environment Return on Experience
HSEQ	Health, Safety, Environment and Quality
KAM	Kenya Association of Manufacturers
KFS	Kenya Forest Service
KPIs	Key Performance Indicators
KRA	Kenya Revenue Authority
LPG	Liquefied Petroleum Gas
MAESTRO	Management and Expectation Standards Towards Robust Operations
MoEP	Ministry of Energy and Petroleum
NEMA	National Environmental Management Authority
NMS	Nairobi Metropolitan Services
NTSA	National Transport and Safety Authority
OEM	Original Equipment Manufacturer
OHS	Occupational health and safety
OSHA	Occupational, safety and health act
OSMAG	Oil Spill Mutual Aid Group
PIEA	Petroleum Institute of East Africa
PPE	Personal Protective Equipment
SDGs	Sustainable Development Goals
SRM	Stakeholder Relationship Management
TCFD	Task Force on Climate-related Financial Disclosures
TCo2e	Tonnes of co2 equivalent
TMK	TotalEnergies Marketing Kenya PLC
UN SDGs	United Nations Sustainable Development Goals
WEEE	Waste Electrical and Electronic Equipment
OEM	Original Equipment Manufacturer
OHS	Occupational health and safety
OSHA	Occupational, safety and health act
OSMAG	Oil Spill Mutual Aid Group
PIEA	Petroleum Institute of East Africa
PPE	Personal Protective Equipment
SWOD	Safe Waste Oil Disposal
SWRW	Safe Way Right Way

Chairman's Statement

"The Company's performance remained resilient with positive profit after tax of KShs 2,444 million (2021: KShs 2,739 million) in the challenging environment of sharp increase in fuel prices. In this particularly challenging context, the implemented action plans by the Board and Management proved their resilience, thanks to the quality of our portfolio.

It is my great honour to welcome you, distinguished shareholders, to the 69th Annual General Meeting of TotalEnergies Marketing Kenya PLC and to present to you the Annual Report and Financial Statements for the Company for the year ended 31st December 2022.

I would like to begin by welcoming Mr Guillaume Navez, and Mr Adele Tura who succeeded Mr Paul-Henri Assier de Pompignan, and Mr John Muchunu respectively as non-executive directors. I would also like to thank Mr Pompignan, Mr Muchunu and Ms Shava for their resolute service.

Distinguished shareholders the Covid-19 pandemic has subsided, and I commend the Government of Kenya for the various measures put in place to contain the spread of the virus. I urge you all to remain vigilant and cautious. Once again, I thank you, Shareholders, for attending this Annual General Meeting virtually.

Your Company has continued to adapt to this exceptional environment and remains strong and innovative to provide sustainable solutions to the needs of our customers and stakeholders. Our core values of Safety, Respect for each other, Pioneer spirit, Stand together and Performance-minded have remained our driving force.

Our Ambition

In 2021, Total became TotalEnergies: A new name for a new ambition to become a major player in the energy transition, engaged towards getting to net zero by 2050, together with society. This choice stems from a deeply-held conviction that everyone on the planet has the right to have access to energy – reliable, affordable energy that is a source of economic and social development. At the same time, people expect a clear and responsible commitment from businesses to preserve the climate for future generations. The energy transition is under way and our Company is transforming to provide tangible, sustainable solutions to the dual challenge of more energies, less emissions.

In Kenya, the rebranding of our service stations to the TotalEnergies logo was concluded in 2022. 60% of them are powered by solar and we have also solarized our lubricant warehouses and continue to extend the project to our other industrial sites. Learning from our experience, we are keen to accompany our B2B customers in their energy transition journey.

The Company's multi-energy model allows it to provide tailored and integrated technical solutions at country level, by identifying the meaningful actions that the Company could take in order to be a major player of the energy transition aligned to nationally determined contributions of each country. TMK is committed to become a trusted partner of all our customers by actively supporting them in their energy transition through multi-energy offers and innovative solutions.

Petroleum Environment

The geopolitical conflict has clearly revealed just how crucial energy is as a resource and how interdependent countries are for the supply of their energy needs. The conflict led to significant disruptions in the petroleum product supply chain which led to price volatility in 2022 with crude oil prices reaching a high of USD 139 per barrel in March 2022. In this challenging environment, TotalEnergies Marketing Kenya did all it could to contribute to the country's energy security and continued to serve its customers around the country. The trend in surging oil prices exacerbated global inflationary pressures as well pressures on foreign exchange to support product importation. The Kenya shilling depreciated against US dollar over the last one year from levels of about KShs 113.50/USD in January 2022 to KShs 122.70/USD as of December 2022.

Several regulatory changes impacted our business in 2022: Reduction of VAT on LPG from 16% to 8% which took effect from 1st July 2022. Implementation of a Tax Invoice Management System (TIMS) by the Kenya Revenue Authority in line with the Value Added Tax (Electronic Tax Invoices) Regulations, 2020 which took effect as from 1st December 2022. TIMS is aimed at enhancing the current Electronic Tax Register (ETR) regime by auto printing a tax receipt for every pump-over and enable automatic reporting of tax invoice transactions to KRA.

As part of developing Biofuels in Kenya, the industry through the Petroleum Institute of East Africa (PIEA) concluded discussions with the Kenya Bureau of Standards (KEBS) which culminated to gazettement of the B5 and B100 biodiesel standards. This is a key milestone towards deployment of blended fuels, thus reducing carbon emissions. The industry through PIEA will continue to hold engagements with the Energy and Petroleum Regulatory Authority over deployment of blended fuels in the Kenyan market.

Supply and products receipt in the country was also impacted by the completion and commissioning of the new Kipevu Oil Terminal (KOT2) in August 2022 enabling Kenya to double its capacity to handle transit petroleum products and equally reducing demurrage cost. This investment positions Kenya as the biggest petroleum products handler in the region. The review of Kenya Petroleum Company (KPC) tariff was concluded and approved by Energy and Petroleum Regulatory Authority (EPRA) taking effect from 15th October 2022.

Distinguished Shareholders, the matter highlighted in the report of the external auditor Ernst & Young as a Key Audit Matter on the recovery of fuel inventories at the Kenya Petroleum Refinery (KPRL) still remains pending as at year end 2022. The recovery of these inventories has been and is still a matter of discussion between the industry through PIEA, KPRL, the Ministry of Energy and Petroleum (MoEP) and Energy Petroleum Regulatory Authority (EPRA). We remain optimistic of recovering our inventories' worth.

Economic Environment

The leading economic indicators show that the Kenyan economy registered a growth in 2022 with an estimated real GDP growth of 4.8% as per Kenya National Bureau of Statistics despite the challenging macro environment of sustained inflationary pressures, weakening of the shilling, dollar supply constraints and subdued performance in agriculture as a result of drought. The economic outlook for 2023 is projected to remain broadly resilient and estimated to grow at 5.0% supported by the continued strong performance of the services sector and expected recovery in agriculture. Elevated global risks emanating from ongoing geopolitical tensions pause uncertainties and supply disruptions.

Performance

The Company's performance remained resilient with positive profit after tax of KShs 2,444 million (2021: KShs 2,739 million) in the challenging environment of sharp increase in fuel prices. In this particular context, the implemented action plans by the Board and Management proved to be resilient, thanks to the quality of our portfolio.

The Company's statement of financial position remained strong with total assets of KShs 73.04 billion (2021: KShs 47.03 billion). The Company invested KShs 2,043 million (2021: KShs 2,188 million) in line with the business strategy to enhance safety standards in our operations and continue to build a profitable and sustainable multi-energy company.

Sustainability and Corporate Social Responsibility

Climate change challenge is twofold; demand for more energy and fewer emissions and therefore we must sustainably foster the needs of a growing population by promoting renewables, low carbon energy solutions and rational use of fossil fuels. We are at a key moment in the transition to become a multi-energy company, committed to placing sustainable development at the heart of our strategy, projects and operations. This provides us an opportunity to align our energy transition with the sustainable ambition in collaboration with all stakeholders.

As a company we are committed to contributing to the achievement of United Nations SDGs goals whose purpose is to address global challenges related to the economy, environment, and social aspects. In the year 2022, Sustainab'ALL program was launched, a roadmap capping a collaborative process designed to involve everyone in our Company's sustainable development ambition to the end of 2025. The program is developed around 10 sustainability goals for 2023-2025, mapped around the dimensions of climate and sustainable energy, people's well-being, care for the environment and creating shared value. As a result, sustainability has been elevated from being an important element to a critical pillar for future business competitiveness.

TotalEnergies Marketing Kenya PLC is already taking a range of actions to support our sustainable goals and Environmental Social and Governance (ESG) strategy core to our long-held values and efforts as a competitive differentiator in the industry. These include measuring our greenhouse gas emissions on Scope 1, & 2, operationalizing our GHG emissions reduction strategies, improving energy efficiency of operations, pioneering EV mobility partnerships, investing in local development, and managing environmental risks.

Chairman's Statement

> The Board will also provide unwavering support to Management as they adjust business plans to reflect changes in customer needs and aligning our operations to Sustainable Development Goals while transitioning to our strategy of climate ambition to get to Net Zero by 2050 together with society. We continue to demonstrate our commitment through our strategic ambitions of green initiatives and adaptation to the changing business environment.

Going forward, we will continue to transform our business model into a broad energy company by entrenching sustainability in our operations. Our business leadership will endeavour to accelerate the decarbonization of our activities, support our customers in their transition and create value locally.

Social programmes: The Company has continued to be 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.

In 2023 SWRW achieved the following amongst others:

- Trained 843 commercial riders on high-risk roads in Nairobi. Riders have been assessed by the Government and issued with driving licenses.
- Provided technical support to the industry and key stakeholders through PIEA in conducting road safety drills and enhancing preparedness.
- Participated and contributed in discussions to enhance helmet safety for use by Civil society through collaboration with Global Alliance of NGOs for road safety.

Ecochallenge Program: Established in 2003, has continued to inspire Kenyans to plant more trees outside the existing forest cover. In 2022 the TotalEnergies Ecochallenge coordinated the planting of over 30,000 trees in various parts of the country together with staff and the society.

To further support the environmental conservation, TMK donated KShs 964,749 worth of fuel sponsorship to the Rhino Charge event of 2022. This is an off-road driving challenge organized in order to raise funds to support the activities of the Rhino Ark Charity Trust, an NGO that works towards the conservation and protection of Kenya's mountain ecosystems, the Water Towers.

Other CSR Initiatives: In 2022, TMK supported four (4) homes of SOS Children's Village with KShs 1.8 million being an annual support towards maintenance of the homes.

Further to this the affiliate made the following donations amongst other initiatives:

- KShs 800,000 to Kenya Community Development Foundation (KCDF) for sanitary kits to schools in Western Kenya.
- KShs 250,000 to Aga Khan Academy Mombasa education fund as a support towards their education development.
- KShs 350,000 to Africa Extreme mountain bike riding challenge to promote cycling as a sport and support sustainable programs in the host communities environment.

Outlook for 2023

The global oil prices have dropped past USD100/barrel from a high of USD 139/barrel in March 2022. However, the market continues to report low forex liquidity with the local currency depreciating further against the US Dollar and subsequently affecting importation of petroleum products. These trends point to an uncertain future of continuing increase in product cost impacting supply and demand.

As part of addressing forex challenges the Government has launched Government to Government (G2G) Oil supply tenders which we are optimistic will alleviate the situation. The country's political environment remains stable following a smooth transition after the general elections contributing to favourable economic environment in 2023.

The new Kipevu Oil Terminal jetty in Mombasa was successfully commissioned and the industry is looking forward to improvement in the supply of petroleum products with reduction of demurrage costs.

The Board remains steadfast to tap into new business opportunities particularly in supporting Management in deploying the multi-energy road map and delivering on our strategies for increasing long-term value for our shareholders. The Board will also provide unwavering support to Management as they adjust business plans to reflect changes in customer needs and aligning our operations to Sustainable Development Goals while transitioning to our strategy of climate ambition to get to Net Zero by 2050 together with society. We continue to demonstrate our commitment through our strategic ambitions of green initiatives and adaptation to the changing business environment. I have no doubt that we will continue to increase the business' earning potential in 2023.

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 1.31 per share same as last year's. Dividend will be payable to shareholders on the register of members at the close of business on 15th June 2023, subject to withholding tax where applicable.

Acknowledgements

During the year 2022, Management continued to deploy strategies and actions of transitioning your company to net zero ambition by 2050. They equally implemented measures to adapt in a turbulent environment of oil supply disruptions resulting from geopolitical conflict and associated sanctions that impacted crude oil prices. As a Board, we appreciate the commitment and continued dedication of Management to spear heading the company to net zero and adaptation to the global economic crisis and ensuring business continuity. I would like to recognise the efforts of all those employees who have remained so dedicated to delivering an outstanding service to our customers and stakeholders over the past year despite the prevailing tough conditions.

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 TotalEnergies Marketing Kenya PLC.

In conclusion, I equally thank the Board of Directors for their devotion and support that has helped your Company to remain a major player in our economy.

Olagoke Aluko
Chairman

Taarifa ya Mwenyekiti

Kwa heshima na taadhima nawakaribisheni nyote enyi wanahisa watukufu, katika Mkutano Mkuu wa Mwaka wa 69 wa Shirika hili la TotalEnergies Marketing Kenya PLC na kuwasilisha kwenu Ripoti ya Mwaka na Taarifa za Kifedha za Kampuni za mwaka uliomalizikia tarehe 31 Disemba 2022.

Ningependa kuanza kwa kuwakaribisha Bw Guillaume Navez, na Bw Adele Tura waliochukua mahala pa Bw Paul-Henri Assier de Pompignan, na Bw John Muchunu mtawalia kama wakurugenzi wasio watendaji. Pia ningependa kumshukuru Bw Pompignan, Bw Muchunu na Bi Shava kwa utumishi wao thabiti.

Wanahisa watukufu, tishio la janga la Covid-19 limepungua, na nachukua fursa hii kuipongeza Serikali ya Kenya kwa hatua mbalimbali zilizowekwa ili kudhibiti kuenea kwa virusi hivyo. Nawaomba nyote muwe macho na waangalifu. Kwa mara nyingine tena, ninawashukuru ninyi, Wanahisa, kwa kuhudhuria Mkutano huu Mkuu wa Mwaka kupitia njia ya mtandao.

Kampuni yenu inaendelea kuzoea mazingira haya ya kipekee na inazidi kuwa imara na bunifu ili kutoa suluhisho endelevu kwa mahitaji ya wateja na washikadau wetu. Maadili yetu ya kimsingi ya Usalama, Kuheshimiana, Moyo wa kujituma, Kusimama pamoja na kuwa na Dhamira ya Utendaji bora unaodumu kama nguvu yetu ya kuendesha shughuli.

Dhamira yetu kuu

Mnamo 2021, Total iligeuka na kuwa TotalEnergies: Jina jipya kwa ajili ya dhamira mpya ya kuwa mhusika mkuu katika mpito wa nishati, kujihusisha kufikia jumla ya sufuri ifikapo 2050 (Net Zero), tukiwa pamoja na jamii. Chaguo hili linatokana na imani iliyoshikiliwa kwa kina kwamba kila mtu kwenye sayari hii ana haki ya kupata nishati - nishati ya kuaminika, nafuu ambayo ni chanzo cha maendeleo ya kiuchumi na kijamii. Wakati huo huo, watu wanatarajia mashirika kujitolea wazi na kuwajibika katika biashara zao ili kuhifadhi hali ya hewa kwa ajili ya vizazi vijavyo. Mpito wa sekta hii ya kawi unaendelea na Kampuni yetu inabadilika ili kuweza kutoa suluhisho zilizo dhahiri, endelevu kwa changamoto mbili, kuhitajika nishati zaidi, na uchafuzi uwe mdogo.

Hapa Kenya, ubadilishaji chapa wa vituo vyetu vya kuuza mafuta viwe na nembo ya TotalEnergies ulihitimishwa katika mwaka wa 2022. Asilimia 60 ya vituo vyetu vya kuuza mafuta vinaendeshwa na nishati ya jua na pia tumeweka nguvu za miale katika maghala yetu vya mafuta ya kulainisha na tunaendelea kupanua mradi huo hadi viwanda vyetu vingine. Kutokana na uzoefu wetu, tuna nia ya kuandamana na wateja wetu wa Biashara kwa Biashara (B2B) katika safari yao ya mpito wa nishati.

Muundo wa Kampuni wa nishati aina nyingi huiwezesha kutoa masuluhisho ya kiufundi yaliyowekwa mahususi na yaliyounganishwa katika kiwango cha nchi, kwa kubainisha hatua za maana ambazo Kampuni inaweza kuchukua ili kuwa mhusika mkuu wa mpito wa nishati unaowianishwa na michango iliyoamuliwa kitaifa ya kila nchi. TMK imejitolea kuwa mshirika anayeaminika wa wateja wetu wote kwa kuwaunga mkono kikamilifu katika mpito wao wa nishati kupitia matoleo ya nishati nyingi na suluhu zilizo bunifu.

Mazingira ya Biashara ya Petroli

Mgogoro unaotokana na siasa za kimataifa umefichua kwa uwazi jinsi nishati ilivyo muhimu kama rasilimali na jinsi nchi zinazotegemeana zinavyotoa mahitaji yao ya nishati. Mgogoro huo umesababisha ukatizwaji mkubwa katika msururu wa usambazaji wa bidhaa za petroli ambao ulisababisha kuyumbayumba kwa bei katika mwaka wa 2022 huku bei ya mafuta ghafi ikifikia dola 139 kwa pipa mwezi Machi 2022. Katika mazingira haya yenye changamoto, TotalEnergies Marketing Kenya ilifanya kila iwezalo kuchangia usalama wa nishati nchini na kuendelea kuwahudumia wateja wake kote nchini. Mwenendo wa kupanda kwa bei ya mafuta ulizidisha shinikizo la mfumuko wa bei duniani pamoja na shinikizo la fedha za kigeni kusaidia uagizaji wa bidhaa. Thamani ya shilingi ya Kenya ilishuka dhidi ya dola ya Marekani katika mwaka mmoja uliopita kutoka viwango vya takriban KShs 113.50/ USD Januari 2022 hadi KShs 122.70/ USD kufikia Disemba 2022.

Mabadiliko kadhaa ya udhibiti kanuni yaliathiri biashara yetu katika mwaka wa 2022: Kupunguzwa kwa VAT kwenye gesi ya LPG kutoka 16% hadi 8% ambako kulianza kutumika kuanzia tarehe 1 Julai 2022. Utekelezaji wa Mfumo wa Kusimamia ankara za Kodi (TIMS) na Mamlaka ya Mapato ya Kenya kulingana na Kodi ya Ongezeko la Thamani. Kanuni za (Ankara za Ushuru za Kielektroniki), 2020 ambazo zilianza kutumika kuanzia tarehe 1 Disemba 2022. TIMS inalenga kuimarisha utaratibu wa sasa wa Rejesta ya Ushuru ya Kielektroniki (ETR) kwa kuchapisha kiotomatiki risiti ya kodi kwa kila pampu ya mafuta na kuwezesha kuripoti kiotomatiki kwa miamala ya ankara ya kodi kwa KRA.

Kama sehemu ya kuendeleza Nishatimimea nchini Kenya, sekta hiyo kupitia Taasisi ya Petroli ya Afrika Mashariki (PIEA) ilihitimisha majadiliano na Shirika la kukadiria Viwango vya Ubora la Kenya (KEBS) ambayo yalifikia kilele cha kutangaza viwango vya B5 na B100 vya dizeli kwenye gazeti la serikali. Hii ni hatua muhimu ya kuelekea utoaji mafuta yaliyochanganywa, hivyo basi kupunguza uchafuzi wa kaboni. Sekta hii kupitia PIEA itaendelea kushiriikiana na Mamlaka ya Udhibiti wa Nishati na Petroli juu ya kutolewa kwa mafuta yaliyochanganywa katika soko la Kenya.

Ugavi na upokeaji wa bidhaa nchini pia uliathiriwa na kukamilika na kuzinduliwa kwa Kituo kipya cha Mafuta cha Kipevu (KOT2) mnamo Agosti 2022 na kuwezesha Kenya kuongeza maradufu uwezo wake wa kushughulikia bidhaa za petroli zinazosafirishwa na kupunguza kwa usawa gharama ya upunguzaji wa mafuta. Uwekezaji huu unafanya Kenya kuwa mhudumu mkubwa zaidi wa kushughulikia bidhaa za petroli katika kanda hii. Uhakiki wa ushuru wa Kampuni ya Mafuta ya Kenya (KPC) ulihitimishwa na kuidhinishwa na Mamlaka ya Udhibiti wa Nishati na Petroli (EPRA) kuanzia tarehe 15 Oktoba 2022.

Wanahisa waheshimika, suala lililoangaziwa kwenye ripoti ya mkaguzi wa hesabu wa nje Ernst & Young kama Suala Muhimu la Ukaguzi la urejeshaji wa orodha za mafuta katika Kiwanda cha Kusafishia Mafuta cha Kenya (KPRL) bado kinasubiri kushughulikiwa kufikia mwisho wa mwaka wa 2022. Urejeshaji wa orodha hizi umekuwa na bado ungali mjadala kati ya wahusika wa sekta hii kupitia PIEA, KPRL, Wizara ya Nishati na Petroli (MoEP) na Mamlaka ya Udhibiti wa Nishati ya Petroli (EPRA). Bado tuna matumaini ya kurejesha tena thamani ya orodha zetu.

Hali ya Kiuchumi

Viashirio vikuu vya kiuchumi vinaonyesha kuwa uchumi wa Kenya uliimarika katika 2022 huku wastani wa ukuaji halisi wa Pato la Taifa ukiwa wa 4.8% kwa mujibu wa Ofisi ya Kitaifa ya Takwimu ya Kenya licha ya kuwepo changamoto jumla ya mazingira ya shinikizo la mfumuko wa bei, kudhoofika kwa thamani ya shilingi, vikwazo vya usambazaji wa dola na kudorora kwa sekta ya kilimo kwa sababu ya ukame. Mtazamo wa hali ya kiuchumi katika 2023 unatarajiwa kuendelea kuwa imara na unakadiriwa kukua kwa asilimia 5.0 kutokana na mafanikio katika sekta ya huduma na kuimarika kwa kilimo. Hatari kubwa duniani kote zinatokana na mivutano na migorogoro inayoendelea ya kimataifa kuleta hali isiotabirika na ya kutatiza ugavi.

> Utendaji wa Kampuni hii ulizidi kuimarika na kuleta faida chanya ya KShs Milioni 2,444 (2021: KShs Milioni 2,739) baada ya ushuru, licha ya kuwepo mazingira yaliyo na changamoto ya ongezeko kubwa la bei ya mafuta. Katika muktadha huu wa changamoto hasa, jitihada za Bodi na Wasimamizi kufanikisha mipango ya utekelezaji zilithibitisha ustahimilivu wao, shukrani kwa ubora wa jalada letu.

Taarifa ya Mwenyekiti

> Bodi inadumisha uthabiti wake katika kutumia fursa mpya za biashara hasa katika kusaidia Uongozi wa Shirika kupeleka mipango ya nishati anuwai na kutekeleza mikakati yetu ya kuongeza thamani endelevu kwa wanahisa wetu. Bodi pia itatoa usaidizi usioyumba kwa Wasimamizi wa Shirika hili katika kurekebisha mipango ya biashara ili kuakisi mabadiliko katika mahitaji ya wateja na kuoanisha shughuli zetu kwa Malengo ya Ufanisi Endelevu huku tukipitia mkakati wetu wa azma ya hali ya hewa kufikia Sufuri kamili (Net Zero) ifikapo mwaka wa 2050 kwa ushirikiano na jamii.

Mafanikio

Utendaji wa Kampuni ulizidi kuimarika na kuleta faida chanya ya KShs milioni 2,444 (2021: KShs million 2,739) baada ya ushuru licha ya kuwepo mazingira magumu ya ongezeko kubwa la bei ya mafuta. Katika muktadha huu wa changamoto hasa, jitihada za Bodi na Wasimamizi za kufanikisha mipango ya utekelezaji zilithibitisha ustahimiliivu wao, shukrani kwa ubora wa jalada letu.

Taarifa ya Shirika hili kuhusu hali ya kifedha ilisalia imara ikiwa na jumla ya rasilimali ya KShs bilioni 73.04 (2021: KShs bilioni 47.03). Shirika hili liliwekeza KShs milioni 2,043 (2021: KShs milioni 2,188) kuambatana na mkakati wa biashara wa kuimarisha viwango vya usalama katika shughuli zetu na kuendelea kujenga Shirika lenye faida na nishati anuwai na endelevu.

Uendelevu na Uwajibikaji wa Shirika katika Jamii

Changamoto za mabadiliko ya tabia nchi ni mbili; mahitaji ya nishati zaidi na uchafuzi mdogo na kwa hivyo ni lazima tuendeleze ukidhishaji wa mahitaji ya idadi ya watu inayoongezeka kwa kuhimiza matumizi ya nishati asilia, ufumbuzi wa nishati yenye viwango vidogo vya kabonii na matumizi ya busara ya nishati ya mafuta itokanayo na visukuku. Tuko katika kipindi muhimu cha mpito wa kuwa shirika lenye nishati anuwai, lilojitolea kuleta maendeleo endelevu hii ikiwa ni moyo wa mkakati wetu, miradi na uendeshaji shughuli. Hii inatupa fursa ya kuoanisha mpito wetu wa nishati na matarajio endelevu kwa ushirikiano na washikadau wote.

Sisi kama kampuni tumejitolea kuchangia katika kuafikiwa kwa malengo ya Umoja wa Mataifa ya SDGs ambayo madhumuni yake ni kushughulikia changamoto za kimataifa zinazohusiana na uchumi, mazingira na masuala ya kijamii. Katika mwaka wa 2022, mpango wa Sustainab'ALL ulizinduliwa, muongozo unaojumuisha mchakato shirikishi uliobuniwa ili kuhusisha kila mtu katika azma ya maendeleo endelevu ya Kampuni yetu hadi mwisho wa mwaka wa 2025. Mpango huu umeundwa kwa takriban malengo 10 ya uendelevu ya 2023-2025, yaliyopangwa kuhusika na vipimo vya hali ya hewa na nishati endelevu, ustawi wa watu, utunzaji wa mazingira na kuunda thamani ya pamoja. Kwa hivyo, uendelevu umenyanyuliwa kutoka kuwa kipengele muhimu hadi nguzo muhimu kwa ushindani wa kibiashara katika siku zijazo.

Shirika la TotalEnergies Marketing Kenya PLC tayari linachukua hatua mbalimbali kuunga mkono malengo yetu endelevu na mkakati wa Kijamii na Usimamizi wa Mazingira (ESG) kwa maadili na juhudi zetu za muda mrefu kama kipambanuzi chenye ushindani ndani ya sekta hii. Hizi zinajumuisha kupima uzalishaji wetu wa gesi chafu kwenye Wigo wa 1, & 2, kutekeleza mikakati yetu ya kupunguza uzalishaji wa hewa chafu ya GHG, kuboresha ufanisi wa nishati ya uendeshaji, kuanzisha ushirikiano wa uhamaji wa EV, kuwekeza katika maendeleo ya ndani, na kudhibiti hatari zinazoathiri mazingira.

Tunaposonga mbele, tutaendelea kubadilisha mfumo wetu wa biashara kuwa kampuni pana ya nishati kwa kusisitiza uendelevu katika shughuli zetu. Uongozi wetu wa biashara utajitahidi kuharakisha uondoaji kaboni kwenye shughuli zetu, kusaidia wateja wetu katika mabadiliko yao na kuunda thamani humu ndani ya nchi.

Mipango ya kijamii: Kampuni hii imeendelea kuwa mshirika mkuu na mchangiaji wa Safe Way Right Way (SWRW), shirika lisilo la kiserikali (NGO) linalohimiza usalama barabarani kwenye Ukanda wa Kaskazini. Shirika hilo linaendeleza utetezi wa usalama barabarani miongoni mwa wananchi na wadau wakuu wakiwemo madereva wa magari, waendesha pikipiki na watembea kwa miguu.

Katika 2023 SWRW lilifanikiwa kutekeleza yafuatayo miongoni mwa mengine:

- Lilitoa mafunzo kwa waendeshaji bodaboda 843 katika barabara zilizo na hatari kubwa jijini Nairobi. Waendeshaji hao walifanyiwa tathmini na Serikali na kupewa leseni za udereva.
- Lilitoa msaada wa kiufundi katika sekta ya mafuta na kwa wadau wakuu kupitia PIEA katika kufanya mazoezi ya usalama barabarani na kuimarisha umakini.
- Kushiriki na kuchangia katika mijadala ya kuimarisha usalama wa helmeti kwa matumizi ya Mashirika ya Kiraia kupitia ushirikiano na muungano wa Global Alliance of NGOs za usalama barabarani.

Programu ya Ecochallenge: Mpango wa kuimarisha ikolojia ulianzishwa katika mwaka wa 2003, na umeendelea kuhamasisha Wakenya kupanda miti kwa wingi nje ya misitu iliyopo. Katika 2022, programu hii ya TotalEnergies Ecochallenge iliratibu upandaji miti zaidi ya 30,000 katika maeneo mbalimbali ya nchi pamoja na wafanyakazi na jumuiya wa ujumla.

Katika kuunga mkono zaidi uhifadhi wa mazingira, TMK ilitoa ufadhili wa KShs 964,749 thamani ya udhamini wa mafuta kwa hafla ya Rhino Charge ya 2022. Haya ni mashindano ya kuendesha gari nje ya barabara za kawaida yanayoandaliwa ili kuchangisha fedha za kusaidia shughuli za Rhino Ark Charity Trust, Shirika lisilo la kiserikali ambalo hufanya juhudi za uhifadhi na ulinzi wa ikolojia ya milimani nchini Kenya, Vyanzo vya Maji.

Mikakati mingine ya Uwajibikaji katika Jamii: Katika 2022, TMK ilifadhili makao manne (4) ya mayatima ya SOS Children's Village kwa kiasi cha KShs milioni 1.8 huu ukiwa ni msaada tunaotoa kila mwaka kusaidia utunzaji wa makao hayo

Zaidi ya haya, Shirika lilitoa michango ifuatayo kati ya mipango mingine:

- KShs 800,000 wa shirika la Kenya Community Development Foundation (KCDF) za sodo za wasichana katika shule za Magharibi ya Kenya.
- KShs 250,000 kwa mfuko wa elimu wa Aga Khan Academy Mombasa kama msaada wa kuunga mkono maendeleo yao ya elimu.
- KShs 350,000 wa shirika la Africa Extreme mountain bike riding challenge ya kuendesha baisikeli mlimani ili kukuza baiskeli kama mchezo na kusaidia programu endelevu katika mazingira ya jamii zinazowakaribisha.

Mustakabali wetu katika 2023

Bei ya mafuta duniani imeshuka hadi kupita USD100 kwa pipa kutoka zaidi ya USD 139 kwa pipa katika mwezi wa Machi 2022. Hata hivyo, soko linaendelea kuonyesha ukwasi wa chini wa ubadiishanaji fedha za kigeni huku sarafu ya humu nchini ikishuka thamani zaidi dhidi ya dola ya Marekani na hivyo basi kuathiri uagizaji wa bidhaa za petroli. Mienendo hii inaashiria hali ya mustakabali usio na uhakika wa kuzidi kuongezeka kwa gharama za bidhaa na kuathiri ugavi na mahitaji.

Kama sehemu ya kujaribu kutatua changamoto za fedha za kigeni, Serikali imezindua zabuni za usambazaji mafuta kutoka Serikali hadi Serikali (G2G) jambo ambalo tuna matumaini litaleta afueni kwa hali hiyo. Mazingira ya kisiasa hapa nchini yanaendelea kuwa tulivu kufuatia mabadiliko kwa njia ya amani baada ya uchaguzi mkuu, hii ikichangia mazingira mazuri ya kiuchumi katika mwaka wa 2023.

Jeti mpya ya kituo cha Kipevu Oil Terminal huko Mombasa ilizinduliwa kwa ufanisi na tasnia hiyo inatarajia uboreshaji wa usambazaji wa bidhaa za petroli na kupunguza gharama za upakuaji.

Bodi inadumisha uthabiti wake katika kutumia fursa mpya za biashara hasa katika kusaidia Uongozi wa Shirika kupeleka mipango ya nishati anuwai na kutekeleza mikakati yetu ya kuongeza thamani endelevu kwa wanahisa wetu. Bodi pia itatoa usaidizi usioyumba kwa Wasimamizi wa Shirika hili katika kurekebisha mipango ya biashara ili kuakisi mabadiliko katika mahitaji ya wateja na kuoanisha shughuli zetu kwa Malengo ya Ufanisi Endelevu huku tukipitia mkakati wetu wa azma ya hali ya hewa kufikia Sufuri kamili (Net Zero) ifikapo mwaka wa 2050 kwa ushirikiano na jamii.

Kujitolea kwetu kunaendelea kudhihirika kupitia malengo yetu ya kimkakati ya mipango ya uhifadhi wa mazingira na kukabiliana na mabadiliko ya hali ya biashara. Sina shaka kwamba tutaendelea kuongeza uwezo wetu wa kuwa biashara yenye faida katika 2023.

Mgao wa Hisa

Bodi inafuraha kupendekeza katika Mkutano huu Mkuu wa Mwaka, kwa idhini yenu, malipo ya mgao wa kwanza na wa mwisho wa KShs 1.31 kwa kila hisa sawa na ilivyokuwa mwaka jana. Gawio hili litalipwa wenyehisa waliyo kwenye sajili ya wanachama mwishoni mwa biashara tarehe 15 Juni 2023, ikizingatiwa kodi ya zuio pale inapohitajika.

Shukrani

Katika mwaka wa 2022, Usimamizi wa Shirika uliendelea kutumia mikakati na hatua za kubadilisha kampuni hii yenu hadi kufikia dhamira yake ya Uchafuzi Sufuri (Net Zero) ifikapo mwaka wa 2050. Walitekeleza vyema hatua za kukabiliana na hali ya misukosuko ya usumbufu wa ugavi wa mafuta kutokana na migogoro ya kimataifa na vikwazo husika vilivyoathiri bei ya mafuta ghafi. Kama Bodi, tunathamini kujitolea na kuendelea kujitolea kwa Usimamizi katika kuliongoza Shirika hili kufikia Uchafuzi Sufuri (Net Zero) na kukabiliana na msukosuko wa uchumi iliyopo duniani na kuhakikisha uendelevu wa biashara. Ningependa kutambua juhudi za wafanyakazi wote ambao wamejitolea kutoa huduma bora kwa wateja na wadau wetu katika kipindi cha mwaka mmoja uliopita licha ya kuwepo hali ngumu.

Ninawashukuru Wateja wetu, Wafanyabiashara washirika wetu, Wasafirishaji na wadau wengine wakuu kwa kuendelea kutuunga mkono kwa manufaa yetu sisi wote.

Kwenu nyie Wanahisa, ninawashukuru kwa imani yenu ambayo mmeonyesha kwa kuamua kuwekeza katika Shirika la TotalEnergies Marketing Kenya PLC.

Kutamatisha, ninaishukuru pia Bodi ya Wakurugenzi kwa kujitolea kwao na usaidizi wao ambao umesaidia Kampuni hii yenu kuendelea kuwa mhusika mkuu katika uchumi wetu.

Olagoke Aluko
Mwenye Kiti

Managing Director's Report

> The corner stone of our growth remains safe delivery of goods and services and sustained investment we make centered around customer experience.

Overview

The Kenyan economy registered a robust growth in 2022 despite the challenging macro environment of sustained inflationary pressures, weakening of the shilling, dollar supply constraints and subdued performance in agriculture. The oil supply disruptions arising from geopolitical conflicts plus associated sanctions impacted crude oil prices which adversely impacted working capital requirements and consumer prices. The country's political environment remained stable.

Despite the above challenges, the Company remained focused on innovation and diversification of business operations to meet the growing customer demand for energy both in the short and long-term. Our Code of Conduct and the values of safety, respect for each other, pioneering spirit, the need to stand together and a performance-minded attitude continue to represent TotalEnergies' identity shared by all.

The Company remained resilient and continued to focus on the key strategy levers namely; revamping and new service stations development (10 in 2022), continuous rebranding of stations to the new brand TotalEnergies, solarization of the stations, lubes promotion campaigns, shops, food and services developments, improved service delivery on LPG transport optimization, blending plant and warehouse revamping projects, logistics capacity handling enhancement, working capital management, internal and cost controls.

Additionally, the company deployed its multi-energy strategic ambition aligned to net zero by 2050 coupled with internalizing SDGs goals within our business operations through 10 strategic sustainability goals.

Our retail sites offer a wide range of services which includes supply of quality petroleum products, Bonjour Shops, Car Wash services, Quartz Auto Service Centers, LPG home delivery service through the EasyGas App and partnerships with third parties in provision of diverse services such as restaurants, chemists and drycleaners. Our TotalEnergies Card is Kenya's number one fleet management solution offering a One Stop payment solution at our retail sites and integrating a wide range of digital services with real-time mobile top-up solutions.

The corner stone of our growth remains safe delivery of goods and services and sustained investment we make centered around customer experience.

Highlights of Financial Performance

The Company's performance remained resilient with positive profit after tax of KShs 2,444 million (2021: KShs 2,739 million) in the challenging environment of sharp increase in fuel prices.

Gross Profit: The Company's gross margins increased to KShs 9,580million (2021: KShs 8,801 million) majorly impacted by lower lag in price adjustment compared to previous year.

Other income decreased to KShs 1,582 million (2021: KShs 1,806 million) in the absence of a non-recurring sundry income from disposal of land property realized in 2021. However, revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to 2021.

Operating expenses: The increase in operating expenses is majorly attributable to inflation impact on local costs coupled with increased business activities post covid-19 and forex impact on imported goods and services due to depreciation of local currency. The increase in net finance costs to KShs 353 million (2021: Net finance cost of KShs 16 million) is as a result of high working capital requirements emanating from outstanding government fuel subsidy and increased oil prices.

The foreign exchange gains and losses of KShs 147 million (2021: KShs 56 million) is attributable to valuation of assets and liabilities at year end.
Investments amounted to KShs. 2,043million (2020: KShs. 2,188 million) in line with the business strategy to enhance safety standards in our operations and continue to build a profitable and sustainable multi-energy company.

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 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, Health, Business, Ethics and Compliance.

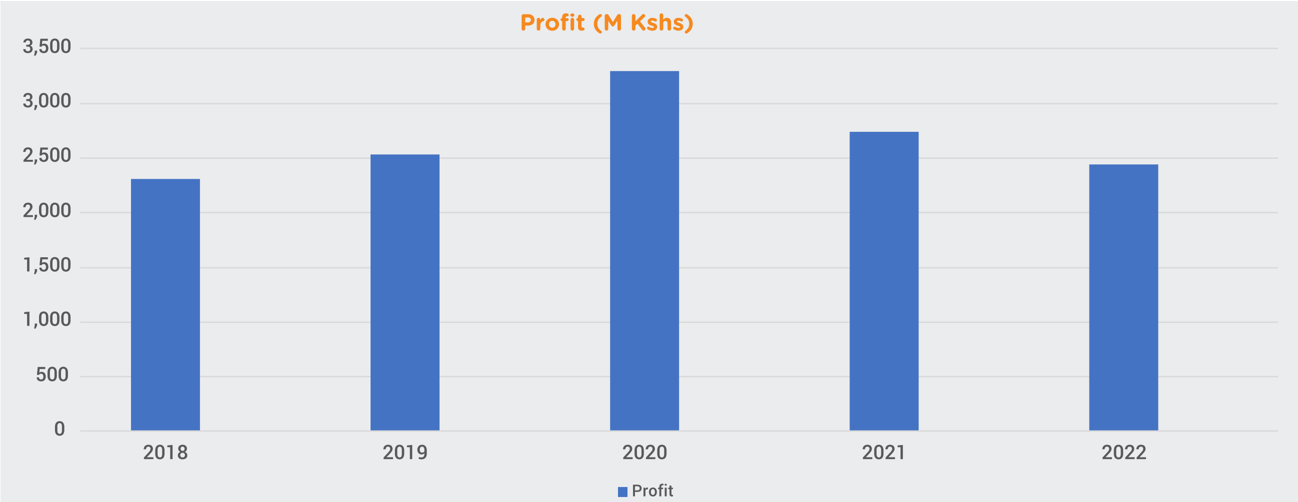
Safety: Safety is the cornerstone of our operational efficiency and it's also the foundation of our collective commitment to operate sustainably. We do not compromise on safety, and we are mindful of our rules regarding safety and observe the rules at all times. We continue to train and sensitize our staff, contractors and transporters on safety so as to build and enforce a strong safety culture of compliance, reporting and experience sharing.

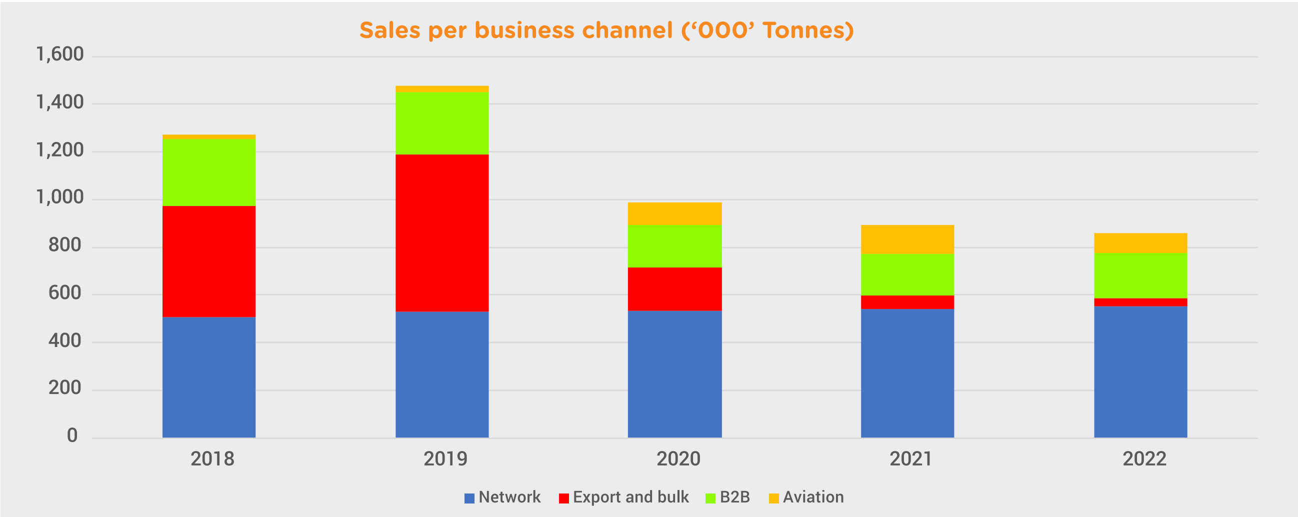
Health risks: Even after the risks of exposure to Covid-19 significantly reducing, TMK continued to sensitize staff on the importance of adhering to the Ministry of Health guidelines related to various diseases. This has continued to be effected through measures like communications via the "Wellness" periodic circulations, hand sanitizers positioned in strategic locations and encouraging use of face masks whenever a staff has a cold or flu.

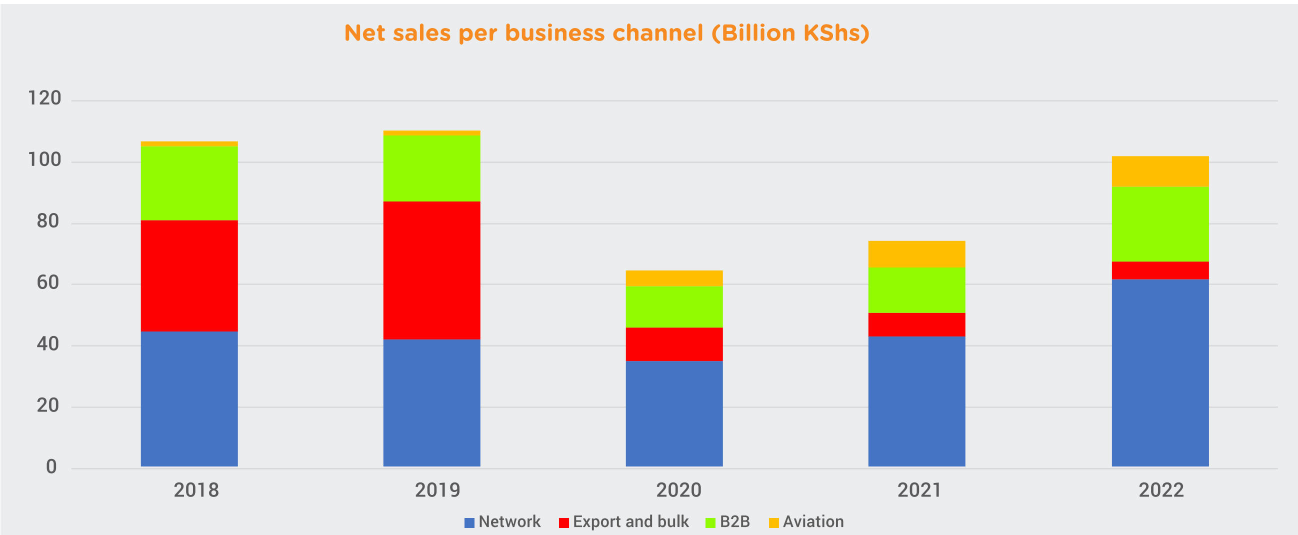
Business risks: These include supply constraints and price risk that could adversely impact the Company margins through lag effect on stocks. The Company has a price risk management model that enables us to closely monitor the market and to adapt pricing offers to our customers, hence minimizing the 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 party partners, anti-corruption, anti-fraud and anti-competitive clauses are now part of our contractual terms. Our code of conduct is posted in our website which is accessible to all third parties and the public.

Managing Director's Report







Human Capital

The growth, personal development and engagement of our employees are central to the Company's performance thus remaining our core focus area. Our values of Respect for Each Other and Safety in particular, as well as Standing Together, Performance-Mindedness and Pioneer Spirit underpin the approach to developing our people.

We aim to attract and develop talent from diverse backgrounds and promote a management style that makes the most of their knowledge, skills and experience. Our people ambition is as aspirational as that of the business.

Training and development is an integral part of the Company's commitment to attract, develop and retain talent. We ensure that employees are adequately equipped with the right level of competencies and exposure to enable them to perform their jobs effectively. Every year the Company conducts extensive trainings in Health, Safety, Environment & Quality (HSEQ), Compliance, Functional & Cross Functional areas targeting an average of 5 days training per employee.

During the year, TMK equally deployed a multi-energy training for staff dubbed "Visa for TotalEnergies" to augment the Company transformation and achievement of it's net zero ambition by 2050 together with society.

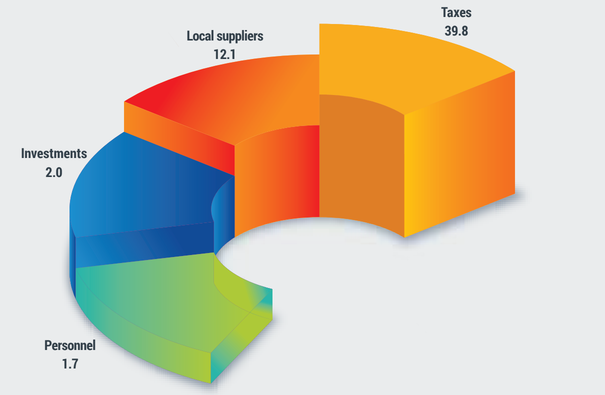
More than 3 years ago, the Talent Development program was launched with the aim of ensuring career growth and development of employees. The program has since achieved tremendous results and will be sustained into the future. At TotalEnergies Marketing Kenya PLC, we are convinced that a diverse and inclusive workforce and management of teams drives our competitiveness, ability to innovate, attractiveness and social license to operate. We enabled all our employees to develop their professional skills and advance in their careers without discrimination on the basis of ethnic origin, gender, age, disability, political or religious affiliation, union membership or minority status. In addition to this policy of non-discrimination and respect for differences, we encourage diversity and inclusion to ensure that each employee feels welcome and is treated as an integral part of the Company.

A Young Graduate program that was launched in 2014, provides young people with the opportunity to discover working life through a genuine hands-on professional experience locally and internationally just after graduating from university. To date, we have trained more than 40 such graduates and retained 26 in different business lines. The program not only positions the Company as a major energy player but also enhances the employability of the young African Graduates.

Contribution to the Kenyan economy

TotalEnergies Marketing Kenya PLC remained one of the biggest contributors to the Kenyan economy through payment of direct and indirect taxes of KShs 39.8 billion in 2022. In addition, KShs 12.1 billion was paid to local suppliers for investments and for goods and services. Total pay-out to employees amounted to KShs 1.7 billion during the year.

Contribution to the Kenyan economy 2022 (B KShs)



Sustainability and Social Responsibility

TotalEnergies embraced the need to offer our customers less carbon intensive energy products that are affordable, reliable, and cleaner aiming for net zero by 2050, together with society. Consequently, since TotalEnergies Marketing Kenya PLC intends to be the leader today and in the future, we commit to continue placing sustainable development at the heart of our strategy to be a multi-energy company.

As a Company, we reaffirm our commitment to the Sustainable Development Goals (SDGs) and contribute to the achievement of the SDGs directly through our multi-energy offers & solutions, investments, our operations, and CSR initiatives. In the year 2022, Sustainab'ALL program was launched, a roadmap capping a collaborative process designed to involve everyone in our Company's sustainable development ambition for the period 2023 - 2025. The program is developed around 10 sustainability goals spanning the dimensions of Climate and sustainable energy, People's well-being, Care for the environment and Creating shared value. As a result, sustainability has been elevated from not only being an important element but to a critical pillar for future long-term business competitiveness.

At TotalEnergies Marketing Kenya PLC we are making progress by operating responsibly and performing with excellence, reducing our carbon emissions from our operations under Scope 1 & 2 and carbon offsetting through our Eco-challenge program. We also adhere to health and safety of our workforce, improved efficiencies in energy, EV mobility, electronic waste management, partnerships around waste management and and overall positive contributions to the society.

Going forward, our success will be driven by innovation of our products and services and partnerships that create value for our stakeholders and the wider society. We will be leveraging on our strengths to tap into new opportunities arising from the energy transition to low carbon.

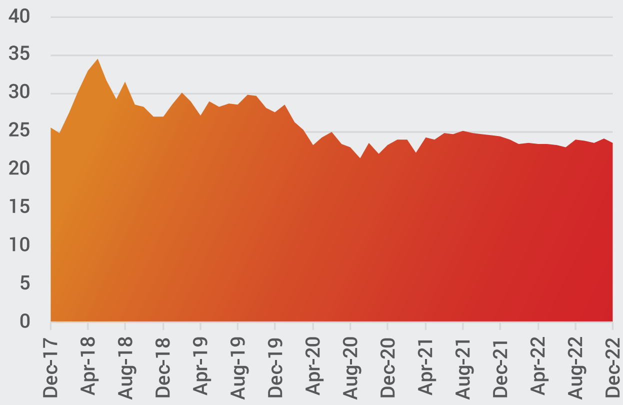
Future Outlook

The business environment remains challenging with sustained inflationary pressures, Kenya shilling currency volatility, global fuel prices fluctuation and persistent uncertainties. TotalEnergies Marketing Kenya PLC priority is to focus on deploying the multi-energy road map and delivering on our strategies to increase shareholders values. We will continue to adapt our business plans to meet customer needs and aligning our operations to sustainable business practices.

Share Price

In 2022, TotalEnergies Marketing Kenya PLC's share price closed at an average of KShs 23.53 per share as compared to KShs 24.45 per share at end of December 2021.

TotalEnergies Marketing Kenya PLC Share Price (KShs)



Shareholders Analysis

TOP 10 SHAREHOLDERS (Including redeemable preference shares)			
RANK	NAME	SHARES HELD	PERCENT
1	TOTALENERGIES MARKETING AFRIQUE	580,804,822	92.26%
2	TOTALENERGIES MARKETING HOLDINGS AFRICA	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	2,138,686	0.34%
6	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004630	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	STANBIC NOMINEES LTD A/C NR79701	712,300	0.11%
10	RAHIM, AHMED MIAN ABDUR	501,360	0.08%
	TOTAL	**605,430,918**	**96.17%**

SHARE DISTRIBUTION SCHEDULE

i. By number of Share Range

RANGE	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
1-500	2,970	583,177	0.09%
501-1,000	904	775,237	0.12%
1,001-5,000	1,366	3,453,143	0.55%
5,001-1,0000	361	2,710,950	0.43%
10,001-50,000	309	6,576,714	1.04%
50,001-100,000	45	3,262,688	0.52%
100,001-500,000	34	6,749,631	1.07%
500,001-1,000,000	3	2,078,060	0.33%
1,000,001-999,999,999,999	7	603,352,858	95.84%
TOTAL	**5,999**	**629,542,458**	**100.00%**

ii. By Category of Shareholder

GROUP	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
Foreign Investors	86	595,845,377	94.65%
E.A.P.S. Individuals	5,542	25,325,260	4.02%
E.A.P.S. Institutions	371	8,371,821	1.33%
TOTAL	**5,999**	**629,542,458**	**100.00%**

Financial **Statements**

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2022, which shows the state of the affairs of TotalEnergies Marketing Kenya Public Limited Company ("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 8.

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:

	2022	2021
	KShs '000	KShs '000
Profit before tax	3,802,994	3,992,919
Tax charge	(1,358,667)	(1,254,011)
Profit for the year	**2,444,327**	**2,738,908**

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 1.31 (2021: KShs 1.31) per share equivalent to a total amount of KShs 825 million (2021: KShs 825 million).

5. DIRECTORS

The directors who served during the year and to the date of this report are set out on page 8

6. BUSINESS REVIEW

The business environment remained challenging in 2022 despite easing of COVID-19 restrictions. The global business environment was impacted by geopolitical situation and supply constraints following business resumption after two years period of COVID-19 pandemic. The rise in global prices increased fuel prices in the country as well as the Company's working capital requirements.

To cement strong bond with our customers –both businesses and consumers– the Company strived to focus on close, effective, and direct customer relationships. Beyond sales of products and services, the Company aimed to grow on its retail networks and continue to offer a comprehensive array of services for users.

In 2022, the Company remained resilient and continued to focus on the key strategy levers namely; new service stations development, rebranding of stations to the new brand TotalEnergies, roll out of EASYGAS LPG home delivery solution to tap into the new LPG environment, lubes promotions, shops, food and services developments, solarization of logistic facilities, transport optimization, working capital management, internal controls and cost control.

In accordance with our Code of Conduct, the values of Safety, Respect for each other, a Pioneer Spirit, the need to Stand Together and a Performance-Minded attitude represent that part of TotalEnergies identity that is shared by all. Day in-day out, these values guide our actions and our relationships with Stakeholders while serving as the foundation for achieving our collective ambition, which is to be a world class player in energy transition. These values have enabled the Company to grow the business, deliver the needs of customers and positively impacted the Stakeholders.

Growth and Investments

In 2022, in an environment that remained highly volatile, the Company maintained strong spending discipline and expanded its network by opening 10 new service stations integrated with service offers and revamping of existing stations to enhance service delivery and safety.

The Company deployed 'Mobility Bonjour' convenient shop concept and continued to invest in, Car washes, 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 other allocation of investments was towards maintaining the activities of the oil and gas chain, dedicated to the maintenance of existing assets and the development of projects allowing maintenance of safety standards and sales level.

A culture of Diversity

It is thanks to the commitment of its workforce that the Company can rise to the challenges it faces. Therefore, the Company strives to uphold the strictest standards of safety, ethics and integrity, management and social performance.

The "Better Together" project that aims to develop the talents of every employee, to promote the coaching dimension of managers and to build a company where it is a good place to work. The Company has a long-standing commitment to promoting equal opportunity and diversity, which constitute, for everyone, a source of development where only expertise and talent count.

Deployment of Multi-energy Strategy

In affirming its ambition to be a major player in the energy transition and to get to net zero by 2050, together with society, TotalEnergies has committed to profoundly transforming its production and sales while continuing to meet the needs of a growing population. The Company is developing a wide range of energies in an integrated approach (from production to retailing) to decarbonize its energy offering and generate a competitive advantage that will create long-term value for its shareholders and secure its future.

TotalEnergies implemented since 2021 a strategic road map of energizing the future focused on 8 pillars of action namely: contribute to climate ambition, ensure safety, foster sustainability, focus on customer centricity, provide new energies for transition, design innovative solutions for customers, develop teams and deliver performance. Consequently in 2022 TotalEnergies launched an action for each country to determine deployment of multi energy strategy with an enhanced climate ambition. This was through expanding its business model centred on oil and gas and integrating value chains of new low carbon energies necessary for the energy transition. To this end TotalEnergies Marketing Kenya PLC (TMK) has already developed its multi energy strategy based on 4 pillars namely position TMK as an independent power producer provider, development of low carbon solutions, adapting sales to changing demand and energy efficiency initiatives.

Business Risks

The Company implements a comprehensive risk management system that is an essential factor in the deployment of its strategy. This system relies on an organization at Company level and in the business segments, on a continuous process of identifying and analyzing risks to determine those that could prevent the achievement of the goals as well as the analysis of management systems.

The Company's Board is responsible for identifying and analyzing internal and external risks that could impact the achievement of the Company's objectives. For this purpose, it has put in place Risk and Governance Committee which makes sure that the Company has mapped the risks to which it is exposed and that efficient risk management systems are suitable. The major risks include:

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 through lag effect on inventory. The Company has 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's performance remained resilient with positive profit after tax of KShs 2,444 million (2021: KShs 2,739 million) in the challenging environment of sharp increase in fuel prices. The Company's gross profit increased to KShs 9,580 million (2021: KShs 8,801 million) due to lower lag in price adjustment compared to previous years.

Other income decreased to KShs 1,582 million (2021: KShs 1,806 million) in the absence of a non-recurring sundry income from disposal of land property realized in 2021. However, revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to 2021.

The increase in operating expenses is majorly attributable to increased business activities post COVID-19 coupled with inflation and foreign exchange on the cost of goods and services. The increase in net finance cost of KShs 353 million (2021: net finance cost of KShs 67 million) is a result of high working capital requirements. The foreign exchange gains and losses of KShs 147 million (2021: KShs 56 million) is attributable to valuation of foreign denominated currency assets and liabilities at year end.

Sustainability

The future of energy is lower carbon, and we are focusing on delivering affordable, reliable, and ever cleaner energy aiming for net zero by 2050, together with society. Consequently, as TMK, intend to be a leader today and in that future and therefore commit to placing sustainable development at the heart of our strategy to become a multi-energy company.

As a Company, we reaffirm our commitment to the Sustainable Development Goals (SDGs) and contribute to the achievement of the SDGs directly through our business multi energy offers and solutions, investments, our operations, and corporate social responsibility initiatives. In the year 2022, Sustainab'ALL program was launched, a roadmap capping a collaborative process designed to involve everyone in our Company's sustainable development ambition to the end of 2025. The program is developed around 10 sustainability goals for 2023-2025, mapped around the dimensions of climate and sustainable energy, people's well-being, care for the environment and creating shared value. As a result, sustainability has been elevated from being an important element to a critical pillar for future long-term business competitiveness.

At TMK we are already making progress by operating responsibly and performing with excellence, reducing our carbon emissions from our operations under scope 1 and 2 and carbon offsetting through our Eco challenge program. We also adhere to health and safety of our workforce, improved efficiencies in energy, partnerships around plastic waste recycling including electronic waste and EV mobility and overall positive contributions to the society.

Going forward, our success will be driven by innovation of our products and services and partnerships that create value for our stakeholders and the wider society. We will be leveraging on our strengths to tap into new opportunities arising from the energy transition to low carbon.

The Company is a key participant in the TotalEnergies Group's ''Startupper'' 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. During the year 2022 SWRW facilitated training of more than 800 motorcycle riders. The riders were trained on the government curriculum, basic first aid, correct use of safety gears, insurance, and sexual gender-based violence awareness.

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 2023

TotalEnergies Marketing Kenya PLC is expected to continue growing its business in the country due to its vast experience in the energy industry and a broad range of products and services. The priority focus for the Company will continue to be on safety, operational excellence, profitable growth and positive cash flow generation.

The Company will continue to increase its focus on renewable energy sources and sustainable solutions to meet the growing demand for clean energy in Kenya. All these are key to increasing the value and shareholder returns while maintaining a strong financial position.

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 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 9,065,500 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

20 April 2023
……………………………………………………

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 20 April 2023 and signed on its behalf by:

……………………………………………………

Director: Eric Fanchini

……………………………………………………

Director: Lawrencia Gichatha

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 (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 TotalEnergies 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 the Capital Markets Authority regulations on non-executive directors', a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

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 2022. The aggregate directors' emoluments are shown in Note 19 (vi).

31 December 2022

Director	Role/appointment or retirement date	Category	Gross earnings including pension contribution	Annual bonus	Directors fees	Sitting allowances	Benefits*	Total
			KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Olagoke Aluko	Chairman	Non-executive	-	-	-	-	-	-
Eric Fanchini	Managing Director	Executive	28,486	5,145	-	-	22,127	55,758
Lawrencia Gichatha	Finance Manager	Executive	18,198	1,888	-	-	99	20,185
Adele Tura	Strategy and Corporate Affairs Director, appointed on 21 September 2022	Executive	10,514	735	-	-	-	11,249
John Muchunu	Resigned as Strategy and Corporate Affairs Director on 21 September 2022	Executive	17,956	900	-	-	94	18,950
Jean- Phillipe Torres		Non-executive						
Joseph Karago		Non-executive	-	-	2,000	1,620	-	3,620
Margaret W.N. Shava	Resigned on 21 September 2022	Non-executive	-	-	2,000	1,360	-	3,360
Maurice K'Anjejo		Non-executive	-	-	2,000	1,100	-	3,100
Guillame Navez	Appointed on 21 September 2022	Non-executive	-	-	-	-	-	-
Paul-Henri Assier de Pompignan	Resigned on 21 September 2022	Non-executive	-	-	-	-	-	-
Totals			**75,154**	**8,668**	**6,000**	**4,080**	**22,320**	**116,222**
Summary								
Cash emoluments			75,154	8,668	6,000	4,080	-	93,902
Non-cash emoluments			-	-	-	-	22,320	22,320
Totals			**75,154**	**8,668**	**6,000**	**4,080**	**22,320**	**116,222**

Olagoke Aluko, Jean-Phillipe Torres, Paul-Henri Assier de Pompignan and Guillame Navez are remunerated by TotalEnergies SE the parent company and are not re-charged to the Company. They are not remunerated as board members of TotalEnergies Marketing Kenya PLC.

Eric Fanchini was paid by the parent company. These costs are recharged to TotalEnergies Marketing Kenya PLC in Euros. 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' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

31 December 2021

Director	Role/appointment or retirement date	Category	Gross earnings including pension contribution	Annual bonus	Directors fees	Sitting allowances	Benefits*	Total
			KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Olagoke Aluko	Chairman, appointed on 22 December 2021, resigned as Managing Director on 16 August 2021	Non-executive	17,844	4,683	-	-	10,235	32,762
Eric Fanchini	Managing Director, appointed on 16 August 2021	Executive	10,739	-	-	-	5,437	16,176
Lawrencia Gichatha	Finance Manager	Executive	14,667	1,033	-	-	99	15,799
John Muchunu	Strategy and Corporate Affairs Director	Executive	17,571	1,104	-	-	95	18,770
Jean- Phillipe Torres	Appointed on 2 December 2021 Resigned as Chairman on 21 September 2021	Non-executive	-	-	-	-	-	-
Stanislas Mittelman	Resigned on 10 November 2021	Non-executive	-	-	-	-	-	-
Ms Severine Julien		Non-executive	-	-	-	-	-	-
Joseph Karago		Non-executive	-	-	1,600	1,500	-	3,100
Margaret W.N. Shava		Non-executive	-	-	1,600	1,500	-	3,100
Maurice K'Anjejo		Non-executive	-	-	1,600	700	-	2,300
Paul-Henri Assier de Pompignan		Non-executive	-	-	-	-	-	-
Totals			**60,821**	**6,820**	**4,800**	**3,700**	**15,866**	**92,007**
Summary								
Cash emoluments			60,821	6,820	4,800	3,700	-	76,141
Non-cash emoluments			-	-	-	-	15,866	15,866
Totals			**60,821**	**6,820**	**4,800**	**3,700**	**15,866**	**92,007**

Jean-Phillipe Torres, Stanislas Mittelman and Paul-Henri Assier de Pompignan are remunerated by TotalEnergies SE (Formerly Total SA), the parent company and are not re-charged to the Company. They are not remunerated as board members of TotalEnergies Marketing Kenya PLC.

Olagoke Aluko and Eric Fanchini were paid by the parent company. These costs are recharged to TotalEnergies Marketing Kenya PLC in Swiss Francs and Euros. 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TOTALENERGIES MARKETING KENYA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of TotalEnergies Marketing Kenya Public Limited Company set out on pages 75 to 111, which comprise the statement of financial position as at 31 December 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in [Country], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key matter</th></tr>
<tr><td colspan="2">Accounting for amounts receivable from Kenya Petroleum Refineries Limited (KPRL) relating to fuel yield shifts</td></tr>
<tr><td>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 Energy and Petroleum (MoEP) 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.</td><td>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 mandate agreement between SupplyCor and Petroleum Institute of East Africa (PIEA);
• the forensic audit report of the KPRL yield shift numbers commissioned under the direction of the MoEP; 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 MoEP regarding the recoverability of the yield shifts.
d) We evaluated the Company's disclosures on this matter in Note 18 to the financial statements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TOTALENERGIES MARKETING KENYA PLC

Other Information

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. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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.

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, related safeguards.

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 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 68 to 69 is consistent with the financial statements; and,

ii) in our opinion, the auditable part of directors' remuneration report on pages 71 and 72 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

Churchill Atinda

28 April 2023
………………………………………………

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	KShs'000	KShs'000
Revenue from contracts with customers		141,346,899	110,161,215
Indirect taxes and duties		(38,544,483)	(35,450,751)
Net revenue from contracts with customers	3	102,802,416	74,710,464
Cost of sales	4	(93,222,522)	(65,909,440)
Gross profit		9,579,894	8,801,024
Other income	5	1,581,647	1,806,300
Operating expenses	6	(7,119,539)	(6,518,951)
Net allowance for expected credit losses	18	(33,219)	26,989
Finance income	7 (a)	567,259	216,862
Finance costs	7 (b)	(919,890)	(283,265)
Net foreign exchange gain/ (loss)	7 (c)	146,842	(56,040)
Profit before tax	8	3,802,994	3,992,919
Tax charge	9 (i)	(1,358,667)	(1,254,011)
Profit for the year		2,444,327	2,738,908
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**2,444,327**	**2,738,908**
Earnings per share (basic and diluted) (KShs)	**10**	**3.88**	**4.35**

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 KShs'000	2021 KShs'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	11,732,456	11,591,676
Right-of-use assets	13	1,501,274	1,726,250
Goodwill	14	416,679	416,679
Intangible assets	15	297,103	222,465
Deferred tax assets	16	405,543	393,864
		14,353,055	14,350,934
CURRENT ASSETS			
Inventories	17	11,890,143	7,747,934
Trade and other receivables	18	26,059,025	12,583,149
Amounts due from related companies	19 (i)	1,120,612	2,223,257
Cash and bank balances	24 (ii)	19,595,935	10,100,456
		58,665,715	32,654,796
Non-current assets classified as held for sale	20	24,364	24,364
		58,690,079	32,679,160
TOTAL ASSETS		**73,043,134**	**47,030,094**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	9,974,771	9,974,771
Share premium	22	1,967,520	1,967,520
Retained earnings		18,288,158	16,668,532
		30,230,449	28,610,823
NON-CURRENT LIABILITIES			
Trade and other payables	23	824,398	897,793
Lease liability	13	721,945	922,036
Provisions	23	299,975	419,976
		1,846,318	2,239,805
CURRENT LIABILITIES			
Lease liability	13	285,585	249,435
Trade and other payables	23	19,065,069	13,010,452
Tax payable	9 (iii)	306,613	229,735
Amounts due to holding company	19 (iii)	5,075,072	2,536,331
Amounts due to related companies	19 (ii)	1,664,220	153,513
Bank overdrafts	24(ii)	8,369,808	-
Short-term loans	24(ii)	6,200,000	-
		40,966,367	16,179,466
TOTAL EQUITY AND LIABILITIES		**73,043,134**	**47,030,094**

The financial statements were approved and authorised for issue by the Board of Directors on 20th April 2023 and were signed on its behalf by:

……………………………………………… ………………………………………………

Director – Eric Fanchini

Director – Lawrencia Gichatha

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Total equity KShs'000
	(Note 21)	(Note 22)		
As at 1 January 2021	9,974,771	1,967,520	14,918,006	26,860,297
Dividends declared – 2020 (Note 11)	-	-	(988,382)	(988,382)
Profit for the year	-	-	2,738,908	2,738,908
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,738,908	2,738,908
As at 31 December 2021	**9,974,771**	**1,967,520**	**16,668,532**	**28,610,823**
As at 1 January 2022	9,974,771	1,967,520	16,668,532	28,610,823
Dividends declared – 2021 (Note 11)	-	-	(824,701)	(824,701)
Profit for the year	-	-	2,444,327	2,444,327
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,444,327	2,444,327
As at 31 December 2022	**9,974,771**	**1,967,520**	**18,288,158**	**30,230,449**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 2022

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		KShs'000	KShs'000
Cash generated from operations	24 (i)	(296,182)	4,763,870
Tax paid	9 (iii)	(1,293,468)	(1,146,545)
Net cash (used in)/ generated from operating activities		**(1,589,650)**	**3,617,325**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(1,916,458)	(2,167,019)
Purchase of intangible assets	15	(106,568)	(20,945)
Purchase of leasehold land	13	(20,006)	-
Interest income on bank deposits	7 (a)	567,259	216,862
Proceeds on disposal of leasehold land		-	275,000
Proceeds on disposal of intangible Assets, property, plant and equipment		15,381	154,968
Net cash used in investing activities		**(1,460,392)**	**(1,541,134)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest Payments on borrowings	7 (b)	(839,801)	(195,062)
Lease liability payments - principal	13	(162,623)	(259,297)
Lease liability payments - interest	13	(81,407)	(106,549)
Dividends paid	11 (a)	(824,659)	(988,382)
Net cash used in financing activities		**(1,908,490)**	**(1,549,290)**
Net (decrease)/increase in cash and cash equivalents)		(4,958,532)	526,901
Effect of exchange rate changes on cash and cash equivalents		(115,797)	(18,395)
Cash and cash equivalents as at 1 January		10,100,456	9,591,950
Cash and cash equivalents as at 31 December	**24 (ii)**	**5,026,127**	**10,100,456**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 amendments to IFRS for periods beginning on or after 1 January 2022. The new standards and amendments effective of as of 1 January 2022 are listed below:

New standard or amendments	Effective for annual periods beginning on or after
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022

These amendments did not have any impact on the Company's financial position, performance and/or disclosures.

Effective for annual periods beginning on or after 1 January 2023

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

Effective for annual periods beginning on or after 1 January 2024

- Classification of Liabilities as Current or Non- current- Amendments to IAS 1
- Lease Liability in a Sale and Leaseback- Amendments to IFRS 16

Effective date postponed indefinitely

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

d). 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.

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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:

- Office premises- 6 years
- Service stations -10-30 years
- Leasehold land- 10-99 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 recognized 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.

The annual rates in use are:

Freehold land	Nil
Buildings	2% - 15%
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.

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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 useful economic life of intangible assets with a finite useful life is 3 years.

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.

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.

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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, except in very rare circumstances, where despite the amount being outstanding for more than 90 days there is strong evidence to prove that the amount is recoverable. 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)

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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.

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.

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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.

(iii). Value added tax
Expenses and assets are recognised net of the amount of value added tax, except:

i) 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,

i) 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 taKShs 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.

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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 TotalEnergies Marketing 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 2022 was KShs 416,679,000 (2021 – 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 25 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Provision for expected credit losses of trade receivables and contract assets
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 28 (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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	KShs'000	KShs'000
General trade	24,744,378	15,229,618
Network	62,237,095	42,969,238
Aviation	10,025,643	8,549,922
Export and bulk	5,795,300	7,961,686
Total net sales	**102,802,416**	**74,710,464**

(ii). Geographical analysis

	2022	2021
Local sales	97,007,117	66,748,778
Export sales	5,795,299	7,961,686
Total net sales	**102,802,416**	**74,710,464**

All revenue is recognized at a point in time.

4. COST OF SALES

	2022	2021
	KShs'000	KShs'000
Product purchases	86,924,841	59,791,472
Other variable costs	6,297,681	6,117,968
	93,222,522	**65,909,440**

*Other variable costs majorly include primary and secondary fuel transport costs

5. OTHER INCOME

	2022	2021
	KShs'000	KShs'000
Rental income	1,216,647	1,208,431
Commission income	136,733	101,188
Gain on disposal of property, plant and equipment	-	87,432
Gain on disposal of leasehold land (Note 13)	-	275,000
Sundry income*	228,267	134,249
	1,581,647	**1,806,300**

*Sundry income mainly includes the write back of excess legal provisions after reassessment and cylinder deposits and credits as per the Company's policy on the management of liquified petroleum gas business (Note 23). The cylinder assets relating to these deposits are fully depreciated. 2021 sundry income majorly includes write back of cylinder deposits and credits as per Company's policy on the management of liquified petroleum gas business. The cylinder assets relating to these deposits are fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. OPERATING EXPENSES

	2022	2021
	KShs'000	KShs'000
Directors' emoluments – fees [Note 19 (vi)]	10,080	8,500
- other cash emoluments [Note 19 (vi)]	83,822	67,641
Payroll and staff costs [Note 6 (a)]	1,733,381	1,530,072
Depreciation on property, plant and equipment (Note 12)	1,682,879	1,531,454
Depreciation on right-of-use assets (Note 13)	244,982	238,835
Amortisation of intangible assets (Note 15)	35,733	28,501
Repairs and maintenance	665,510	613,260
General assistance [Note 19 (iv)]	746,689	579,277
Utilities	470,084	404,045
Expense relating to variable leases and short-term leases	252,538	285,880
Other expenses*	277,270	197,889
Legal and other professional fees	237,071	323,781
Advertising and promotion	410,698	483,504
Travelling	128,201	86,157
Insurance	131,535	131,393
Auditors' remuneration	9,066	8,762
	7,119,539	**6,518,951**

*Other expenses relate mainly to expensed reverse VAT, loss on fixed asset disposal, bank charges, and seminar and conference costs.

(a). PAYROLL AND STAFF COSTS

	2022	2021
	KShs'000	KShs'000
Wages and salaries	1,185,297	1,072,575
Pension costs – defined contribution plan and NSSF	171,998	161,855
Staff medical costs	77,084	49,815
Staff training costs	17,700	7,730
Staff motor vehicle, mileage and other costs	281,302	238,097
Total personnel expenses	**1,733,381**	**1,530,072**
Average number of employees (permanent staff)	**377**	**377**

NOTES TO THE FINANCIAL STATEMENTS
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7. (a). FINANCE INCOME

	2022	2021
	KShs'000	KShs'000
Interest income on bank deposits	**567,259**	**216,862**

(b). FINANCE COSTS

Interest on short term borrowings	839,801	195,062
Interest expense on lease liability (Note 13)	80,089	88,203
	919,890	**283,265**

(c). NET FOREIGN EXCHANGE LOSS

Realised foreign exchange loss	(84,293)	(82,955)
Unrealised foreign exchange gain	231,135	26,915
Net foreign exchange gain/(loss)	**146,842**	**(56,040)**

8. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

Payroll and staff costs [Note 6 (a)]	1,733,381	1,530,072
Depreciation on property, plant and equipment (Note 12)	1,682,879	1,531,454
Depreciation on right-of-use assets (Note 13)	244,982	238,835
Amortisation of intangible assets (Note 15)	35,733	28,501
Directors' emoluments		
- Fees (Note 6)	10,080	8,500
- Other emoluments (Note 6)	83,822	67,641
- Non-cash emoluments [Note 19 (vi)]	22,320	15,866
Auditors' remuneration (Note 6)	9,066	8,762
Net foreign exchange loss [Note 7 (c)]	**-**	**56,040**
And after crediting:		
Net foreign exchange gain [Note 7 (c)]	146,842	-
Gain on disposal of leasehold land (Note 5)	-	275,000
Gain on disposal of property, plant and equipment (Note 5)	**-**	**87,432**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TAX

i). Tax charge

	2022	2021
	KShs'000	KShs'000
Current income tax		
- Current income tax charge	1,370,346	1,339,532
Deferred tax:		
- Relating to origination and reversal of temporary differences [Note 16 (ii)]	(11,679)	(85,521)
	1,358,667	**1,254,011**

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

	2022	2021
Accounting profit before tax	3,802,994	3,992,919
Tax at the applicable rate of 30%	1,140,898	1,197,876
Tax effect of expenses not deductible for tax*	217,769	56,135
Tax charge	**1,358,667**	**1,254,011**

*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

	2022	2021
	KShs'000	KShs'000
Balance at 1 January	(229,735)	(36,748)
Charge to profit or loss	(1,370,346)	(1,339,532)
Payments during the year	1,293,468	1,146,545
Balance at 31 December	**(306,613)**	**(229,735)**

Corporation tax for the year has been computed at 30% (2021:30%).

Deferred tax has been computed at 30% (2021:30%) this being the rate that the deferred tax assets and liabilities would expect to crystallize at.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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:

	2022	2021
	KShs'000	KShs'000
Profit after tax	**2,444,327**	**2,738,908**
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)	**3.88**	**4.35**

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

	2022	2021
	KShs'000	KShs'000
a). Dividends payable		
The movement in dividends payable is as follows:		
At 1 January	-	-
Final dividend declared 2020 and 2021	824,701	988,382
Dividend paid	(824,659)	(988,382)
Balance at 31 December	**42**	**-**
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):	**824,701**	**824,701**
Dividends per share on declared/proposed dividends for the year (based on number of shares per Note 21)	**KShs 1.31**	**KShs 1.31**

In respect of the current year, the directors propose that a first and final dividend of KShs 1.31 (2021: KShs 1.31) per share amounting to KShs 825 million (2021: KShs 825 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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FOR THE YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT

(i). Year ended 31 December 2022

	Land**	Buildings**	Property, plant and machinery	Furniture, fittings and equipment	Capital work-in-progress*	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
COST						
At 1 January 2022	223,124	7,086,239	19,930,522	1,016,663	684,610	28,941,158
Additions		421,541	1,299,284	66,497	129,136	1,916,458
Transfers*	-	108,121	552,152	15,035	(679,143)	(3,835)
Disposals	-	(262,669)	(1,292,102)	(242,996)	-	(1,797,766)
At 31 December 2022	**223,124**	**7,353,232**	**20,489,856**	**855,199**	**134,603**	**29,056,015**
DEPRECIATION						
At 1 January 2022	-	3,512,105	12,910,810	926,567	-	17,349,482
Charge for the year	-	409,210	1,227,604	46,065	-	1,682,879
Disposals	-	(230,359)	(1,235,692)	(242,751)	-	(1,708,802)
At 31 December 2022	-	3,690,956	12,902,722	729,881	-	17,323,559
NET CARRYING AMOUNT						
At 31 December 2022	**223,124**	**3,662,276**	**7,587,135**	**125,318**	**134,603**	**11,732,456**

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

*Transfers from capital-work-in progress that have qualified as ready to use assets to various items of property, plant and equipment.
** Land and buildings have been split out in the current year for enhanced disclosure. Prior year disclosures were amended accordingly.

(ii). Year ended 31 December 2021

	Land**	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	KShs'000
At 1 January 2021	223,124	6,700,036	18,198,142	947,495	861,883	26,930,680
Additions	-	325,878	1,143,236	18,762	679,143	2,167,019
Transfers*	-	90,061	713,024	54,041	(856,416)	710
Disposals	-	(29,736)	(123,880)	(3,635)	-	(157,251)
At 31 December 2021	**223,124**	**7,086,239**	**19,930,522**	**1,016,663**	**684,610**	**28,941,158**
DEPRECIATION						
At 1 January 2021	-	3,097,651	11,927,771	882,320	-	15,907,742
Charge for the year	-	420,026	1,063,593	47,835	-	1,531,454
Disposals	-	(5,572)	(80,554)	(3,588)	-	(89,714)
At 31 December 2021	-	3,512,105	12,910,810	926,567	-	17,349,482
NET CARRYING AMOUNT						
At 31 December 2021	**223,124**	**3,574,134**	**7,019,712**	**90,096**	**684,610**	**11,591,676**

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

*Transfers from capital-work-in progress that have qualified as ready to use assets to various items of property, plant and equipment.
** Land and buildings have been split out in the current year for enhanced disclosure. Prior year disclosures were amended accordingly.

NOTES TO THE FINANCIAL STATEMENTS
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(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 2022 (2021: Nil).

Based on an impairment review performed by the directors as at 31 December 2022, no indications of impairment of property, plant and equipment were identified (2021: none).

Commitments to acquire property, plant and equipment as at year end are included in Note 25 (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
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2021	1,358,422	880	313,168	1,672,470
Additions	292,615	-	-	292,615
Depreciation expense	(230,624)	(450)	(7,761)	(238,835)
At 31 December 2021	**1,420,413**	**430**	**305,407**	**1,726,250**
Additions	-	-	20,006	20,006
Depreciation expense	(232,254)	(350)	(12,378)	(244,982)
At 31 December 2022	**1,188,159**	**80**	**313,035**	**1,501,274**

Included in the movement of leasehold land for 2021 is the disposal of land that is fully depreciated and gain of KShs 275, 000, 000 has thus been recognized (Note 5).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	KShs'000	KShs'000
As at 1 January	1,171,471	1,160,004
Additions	-	289,110
Accretion of interest [Note 7 (b)]	80,089	88,203
Payments- principal	(162,623)	(259,297)
Payments- interest	(81,407)	(106,549)
At 31 December	**1,007,530**	**1,171,471**
Current portion	285,585	249,435
Non-current portion	721,945	922,036
	1,007,530	**1,171,471**

The following are the amounts recognised in profit or loss:

	2022	2021
	KShs 000	KShs 000
Depreciation expense of right-of-use assets (Note 6)	244,982	238,835
Interest expense on lease liability [Note 7 (b)]	80,089	88,203
Expense relating to variable leases (included in administrative expenses) (Note 6)	175,561	202,694
Expense relating to short term leases (Note 6)	76,977	83,186
Total amount recognised in profit or loss	**577,609**	**612,918**

The Company had total cash outflows for leases of KShs 244,030,000 in 2022 (2021: KShs 365,846,000), KShs 81,407,000 was for repayment of interest, KShs 162,623,000 being repayment of principal. (2021: KShs 88,203,000 was for repayment of interest, KShs 277,643,000 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 1,216,647,000 (2021: KShs 1,208,431,000) (Note 5).

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

	2022	2021
	KShs'000	KShs'000
Maturing within one year	387,415	382,867
Maturing over one year to five years	2,033,929	2,010,051
Maturing after five years	2,135,625	2,110,553
Total operating lease commitments	**4,556,969**	**4,503,471**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. GOODWILL

	2022 KShs'000	2021 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:

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 TotalEnergies Marketing 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 TotalEnergies Marketing 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 four-year period.

The Company has used a four-year period in line with its four-year long-term strategic plan.

The calculation of value in use is most sensitive to the following assumptions:

Throughput volumes
The revenue comprises of both fuel and non-fuel revenue. Fuel revenue is comprised of white products (WP), LPG and Lubricants.

Sales volume growth for both fuel and non- fuel revenues are projected to be driven by GDP growth and the Company's long term growth plan. Overally, these are projected to grow at between 3% to 10% over the next 4 years in 2023 and beyond. Management has also taken into consideration the impact of competition and creation of new stations in the country.

Unit margins
The unit margins of different product lines are protected through competitive pricing. Unit margins for WP fuels are projected to remain relatively constant as they are regulated and are based on Energy and Petroleum Regulatory authority (EPRA) set margins. In addition to competitive pricing, unit margins for other products are projected to register a marginal growth over the forecast period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Discount rate
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

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 four-year period, and a discount rate of 11% per annum (2021: 11% per annum).

At 31 December 2022, no impairment loss was assessed (2021: nil).

(b). Goodwill arising from acquisition of Total Marketing Kenya Limited

	2022	2021
	KShs'000	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 TotalEnergies Marketing 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 TotalEnergies Marketing 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 four-year period, and a discount rate of 11% per annum (2021: 11% per annum). The Company has used a four-year period in line with its four-year long-term strategic plan.

The calculation of value in use is most sensitive to the following assumptions:

Throughput volumes
The revenue comprises of both fuel and non-fuel revenue. Fuel revenue is comprised of white products (WP), LPG and Lubricants. Sales volume growth for both fuel and non- fuel revenues are projected to be driven by GDP growth and the Company's long term growth plan. Overally, these are projected to grow at between 3% to 10% over the next 4 in 2023 and beyond. Management has also taken into consideration the impact of competition and creation of new stations in the country.

Unit margins
The unit margins of different product lines are protected through competitive pricing. Unit margins for WP fuels are projected to remain relatively constant as they are regulated and are based on Energy and Petroleum Regulatory authority (EPRA) set margins. Unit margins for other products are projected to register a marginal growth over the forecast period.

Discount rate
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

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 3% 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 2022, no impairment loss was assessed (2021: 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 TotalEnergies Marketing Kenya PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. INTANGIBLE ASSETS

	2022 KShs'000	2021 KShs'000
COST		
At 1 January	707,900	687,665
Additions	106,568	20,945
Transfers from capital work-in-progress (note 12) *	3,835	(710)
Disposals	(89,578)	-
At 31 December	728,725	707,900
AMORTISATION		
At 1 January	485,435	456,934
Charge for the year	35,733	28,501
Disposals	(89,546)	-
At 31 December	431,622	485,435
NET CARRYING AMOUNT		
At 31 December	**297,103**	**222,465**

The intangible assets relate to accounting, payroll and other computer software acquired by the Company.
*Transfers from capital-work-in progress that have qualified as ready to use assets to intangible assets.

16. DEFERRED TAX ASSETS

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

	2022 KShs'000	2021 KShs'000
Accelerated depreciation	194,475	157,039
Legal costs provision	89,992	125,993
Allowance for expected credit losses	156,716	146,750
Unrealised exchange gain	(156,851)	(138,732)
Unrealised exchange loss	138,938	95,530
Leases	(38,475)	(30,590)
Inventory provision	7,068	17,264
Provision for retirement benefits	224	10,187
Leave provision	6,554	3,352
Bonus provision	6,902	6,471
Provision for amortization of LPG	-	600
Net deferred tax assets	**405,543**	**393,864**
(ii). Movement on the deferred tax account is as follows:		
At 1 January	393,864	308,343
Adjustment in respect of previous years' tax (Note 9)	-	-
Deferred tax credit recognized in profit or loss [Note 9 (i)]	11,679	85,521
At 31 December	**405,543**	**393,864**

Deferred tax is estimated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2021 - 30%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. INVENTORIES

	2022 KShs'000	2021 KShs'000
Refined products	8,316,225	5,862,587
Raw materials	3,286,815	1,635,737
Consumables and accessories	287,103	249,610
	11,890,143	**7,747,934**

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 2022, there was a movement in provision for inventories of KShs 33,987,000 (2021: KShs 31,157,000).

18. TRADE AND OTHER RECEIVABLES

	2022 KShs'000	2021 KShs'000
Trade receivables	23,694,240	10,265,603
Allowance for expected credit losses (Net allowance) (Note 28)	(811,235)	(778,016)
	22,883,005	9,487,587
Other receivables and prepayments*	1,778,143	1,814,810
Recoverable taxes**	1,397,877	1,280,752
	26,059,025	**12,583,149**

*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.

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 2022, 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. In addition, the Oil Marketers, through Supplycor, an independent legal entity incorporated by the OMCs to advance their interests, mandated Petroleum Institute of East Africa (PIEA) as the coordinating body to pursue the recovery of these amounts. PIEA appointed a consultant, under which the firm will engage the authorities on behalf of the oil marketers.

As at 31 December 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Allowance for expected credit losses

As at 31 December 2022, trade receivables of KShs 811,235,000 (2021: KShs 778,016,000) were impaired and fully provided for. See below for the movement in the provision for impairment of receivables.

	2022 KShs'000	2021 KShs'000
At 1 January	(778,016)	(805,005)
Increase in allowance for expected credit losses in the year	(33,219)	-
Write back of expected credit losses	-	26,989
At 31 December	**(811,235)**	**(778,016)**

Further details on the movement in the provision for impairment are disclosed in note 28 (ii).

19. RELATED PARTY TRANSACTIONS AND BALANCES

The parent Company is TotalEnergies Marketing Afrique while the ultimate holding company is TotalEnergies SE (Formerly Total SA), both incorporated in France.

There are other companies which are related to TotalEnergies Marketing 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

	2022 KShs'000	2021 KShs'000
TotalEnergies Aviation	266,489	689,587
TotalEnergies Marketing Uganda	496,336	668,032
Gapco Kenya Limited	211,653	701,581
TotalEnergies Marketing Afrique	42,838	54,111
TotalEnergies Marketing RDC	-	4,868
TotalEnergies Marketing Tanzania	62,484	57,483
Other related companies*	40,812	47,595
	1,120,612	**2,223,257**

*Other related companies are subsidiaries of TotalEnergies Marketing Afrique.

(ii). Amounts due to related companies

	2022 KShs'000	2021 KShs'000
TotalEnergies Marketing Services	56,112	-
Gapco Kenya Limited	1,479,776	35,638
TotalEnergies Supply MS SA	19,149	18,088
TotalEnergies Marketing Uganda	-	698
TotalEnergies Marketing Tanzania	-	16
TotalEnergies Access to Energy Solutions	-	75,464
TotalEnergies Marketing Middle East FZE	43,849	660
Others*	65,334	22,949
	1,664,220	**153,513**

* Other related companies are subsidiaries of TotalEnergies Marketing Afrique.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(iii). Amounts due to holding company

	2022 KShs'000	2021 KShs'000
TotalEnergies Marketing Afrique	**5,075,072**	**2,536,331**

(iv). Transactions with related companies

Purchases of petroleum products from the holding company	7,900,510	7,325,825
Purchases of petroleum products from other related companies	2,482,729	258,101
Revenue on sale of petroleum products to related companies	3,747,399	4,284,213
General assistance (Note 6)	746,689	579,277

(v). Key management compensation

The remuneration of directors and other members of key management were as follows:

	2022 KShs'000	2021 KShs'000
Salaries and other short-term employment benefits	214,153	214,945
Post-employment benefits	10,971	9,066
	225,124	**224,011**

(vi). Directors' remuneration

Fees for services as a director	10,080	8,500
Other emoluments		
Salaries and other short-term employment benefits		
- Cash emoluments including pension	83,822	67,641
- Non-cash emoluments	22,320	15,866
	106,142	83,507
	116,222	**92,007**

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 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related companies (2021: 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 operate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2022 KShs'000	2021 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 TotalEnergies Marketing 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.

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 2022 as the expected proceeds on disposal exceed the net carrying amounts of the assets.

21. SHARE CAPITAL

	2022 KShs'000	2021 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**

	2022 KShs'000	2021 KShs'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:		
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**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Fully paid ordinary and preference shares	2022 Number of shares '000'	2022 Share capital KShs'000	2021 Number of shares '000'	2021 Share Capital 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.

22. SHARE PREMIUM

	2022 KShs'000	2021 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

	2022 KShs'000	2021 KShs'000
Trade payables	17,930,496	12,832,507
Other payables and accruals	2,258,946	1,495,714
Total payables	**20,189,442**	**14,328,221**
Classified as:		
Non-current – trade payables	824,398	897,793
Non-current – provisions	299,975	419,976
Current – trade and other payables	19,065,069	13,010,452
	20,189,442	**14,328,221**

PROVISIONS FOR LEGAL MATTERS

	2022	2021
At beginning of year	419,976	234,217
Additional provisions	-	185,759
Reassessed during the year	(120,001)	-
At end of year	**299,975**	**419,976**
Categorized as:		
Current portion	-	-
Non-current portion	**299,975**	**419,976**

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.

NOTES TO THE FINANCIAL STATEMENTS
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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.

24. NOTES TO THE STATEMENT OF CASHFLOWS

i). Reconciliation of profit before tax to cash generated from operations

	Notes	2022 KShs'000	2021 KShs'000
Profit before tax		3,802,994	3,992,919
Adjustments for:			
Unrealised foreign exchange gain		115,797	26,915
Finance income	7 (a)	(567,259)	(216,862)
Finance costs	7 (b)	919,890	283,265
Increase/ (decrease) in allowance for expected credit losses in the year	18	33,219	(26,989)
Movement in provisions for legal matters	23	(120,001)	185,759
Movement in other provisions relating to inventories		(33,987)	31,157
Movement in leave provision		10,676	2,929
Movement in bonus provision		1,436	(7,690)
Depreciation on property, plant and equipment	12	1,682,879	1,531,454
Depreciation on right-of-use assets	13	244,982	238,835
Amortisation of intangible assets	15	35,733	28,501
Gain on disposal of leasehold land	5	-	(275,000)
Loss on disposal of property, plant and equipment		73,615	-
Gain on disposal of property, plant and equipment	5	-	(87,432)
Operating profit before working capital changes		6,199,974	5,707,761
Increase in inventories		(4,108,222)	(1,342,777)
Increase in trade and other receivables		(13,509,095)	(701,898)
Increase in trade and other payables		5,969,068	1,184,469
Increase in amounts due to holding company		2,538,741	811,251
Decrease/ (increase) in amounts due from related companies		1,102,645	(773,659)
Increase/ (decrease) in amounts due to related companies		1,510,707	(121,277)
Cash (used in)/ generated from operations		**(296,182)**	**4,763,870**

Analysis of cash and cash equivalents

	2022	2021
Bank overdrafts	(8,369,808)	-
Short-term loans	(6,200,000)	-
Cash and bank balances	19,595,935	10,100,456
Cash and cash equivalents	**5,026,127**	**10,100,456**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25. 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

	2022 KShs'000	2021 KShs'000
Total commitments given	**1,709,461**	**1,267,213**
Total commitments received	**1,831,623**	**1,812,939**

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 298 million (USD 2,427,388) exists as at 31 December 2022 (2021: KShs 274 million (USD 2,427,388) for an unsettled invoice from the parent company, TotalEnergies Marketing Afrique, 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 TotalEnergies Marketing Afrique 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.

KRA carried out a tax audit in 2015 for the period 2009 to 2012 and raised a principal tax demand of KShs 1,349M. The Company went through alternative dispute resolution (ADR) mechanism with KRA and agreed to mutually reduce the principal amount payable to KShs 405M in June 2016 and subsequently paid the amount.

The Company applied for waiver of the resultant penalty and interest of KShs 329 Million. In May 2022, (6 years later) KRA responded to the Company's waiver application declining it, issued agency notices and demanded for immediate payment of KShs 329 million on basis that there was no formal waiver in their records.

The Company filed a case at the High Court and obtained an injunction against KRA's enforcement. KRA withdrew the agency notice, however, the case is still active in court.

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.

e). Capital commitments

	2022 KShs'000	2021 KShs'000
Authorised and contracted for	**526,259**	**635,642**
Authorised but not contracted for	**1,828,608**	**1,321,609**

Capital commitments relates to the approved capital expenditures to be carried out in the following year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

26. 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 5,059,800 (2021: KShs 5,054,000).

The total expense recognised in profit or loss for the year of KShs 171,998,000 (2021: KShs 161,855,000) (Note 6) represents contributions payable to the plan by the Company at rates specified in the rules of the plan.

27. 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 2021.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued capital, share premium as disclosed in Notes 21 and 22 and retained earnings.

28. 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.

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	EUR	USD	Total
	KShs'000	KShs'000	KShs'000
31 December 2022			
Assets			
Trade and other receivables	-	754,722	754,722
Amounts due from related companies	-	1,120,612	1,120,612
Bank balances	49,302	7,672,038	7,721,340
Total assets	49,302	9,547,372	9,596,674
Liabilities			
Trade and other payables	(1,057,846)	(7,323,121)	(8,380,967)
Amounts due to holding and related companies	(895,069)	(5,844,223)	(6,739,292)
Total liabilities	(1,952,915)	(13,167,344)	(15,120,259)
Net exposure	**(1,903,613)**	**(3,619,972)**	**(5,523,585)**
31 December 2021			
Assets			
Trade and other receivables	-	910,461	910,461
Amounts due from related companies	-	2,223,257	2,223,257
Bank balances	390,349	4,052,737	4,443,086
Total assets	390,349	7,186,455	7,576,804
Liabilities			
Trade and other payables	(453,854)	(2,717,314)	(3,171,168)
Amounts due to holding and related companies	(376,415)	(2,313,429)	(2,689,844
Total liabilities	(830,269)	(5,030,743)	(5,861,012)
Net exposure	**(439,920)**	**2,155,712**	**1,715,792**

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
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
USD impact	(361,997)	215,571	(253,398)	150,900
Euro impact	**(190,361)**	**(43,992)**	**(133,253)**	**(30,794)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 treasury department in accordance with the Company's policy. Investments of surplus 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 2022 and 31 December 2021 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 2022 and 31 December 2021 is analysed in the table below:

31 December 2022	Total KShs'000
Amounts due from related companies	1,120,612
Trade receivables	
Network	1,781,383
Non-network	21,101,622
	22,883,005
Other receivables	1,397,877
Bank balances	5,026,127
Financial guarantees given	1,348,512
	31,776,133
31 December 2021	
Amounts due from related companies	2,223,257
Trade receivables	
Network	1,985,743
Non-network	7,501,844
	9,487,587
Other receivables	1,306,916
Bank balances	10,100,456
Financial guarantees given	1,267,213
	24,385,429

Bank guarantees and cash deposits are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2022, 33% (2021: 33%) 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 20,341,000 as at 31 December 2022 (2021: KShs 26,989,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

31-Dec-22	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 (%)	0.01%	0.67%	1.12%	1.90%	7.18%	
Estimated total gross carrying amount at default	8,982,260	2,752,576	298,788	920,272	10,740,344	23,694,240
Expected credit loss	1,248	18,308	3,358	17,452	770,869	811,235

31-Dec-21	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 (%)	0.31%	1.22%	7.57%	6.03%	28.29%	
Estimated total gross carrying amount at default	6,153,790	1,102,994	418,085	86,461	2,504,273	10,265,603
Expected credit loss	19,288	13,458	31,665	5,212	708,393	778,016

An increase/(decrease) in the gross carrying amounts of the trade receivables impacts on the movement in the ECL amounts with a consideration of the relevant probability of defaults (PDs) used in the ECL computation.

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 2022 or 2021.

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 2022 was:

	2022	2021
Cash deposit collateral	KShs'000	KShs'000
Network	881,186	755,862
Non-network	420,047	388,478
Bank guarantees collateral		
Network	128,473	121,200
Non-network	1,668,134	1,689,189
Total	**3,097,840**	**2,954,729**

There is no collateral held against cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

iii). 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.

	2022 KShs'000	2021 KShs'000
Amount unused – TotalEnergies Treasury	**1,542,395**	**11,628,000**
Amount unused – local banks	**3,512,667**	**19,227,000**

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 2022

	Up to 1 month KShs'000	1-3 months KShs'000	4-12 months KShs'000	> 1 year KShs'000	Total KShs'000
Trade and other payables current	9,919,912	7,047,064	409,684	223,174	17,599,834
Amounts due to holding and related companies	6,739,292	-	-	-	6,739,292
Lease liability	24,253	7,560	199,628	1,002,742	1,234,183
Financial guarantees given	-	-	1,348,512	-	1,348,512
Total financial liabilities	**16,683,457**	**7,054,624**	**1,957,824**	**1,225,916**	**26,921,821**

At 31 December 2021

	Up to 1 month KShs'000	1-3 months KShs'000	4-12 Months KShs'000	> 1 year KShs'000	Total Ks'000
Trade and other payables current	12,740,643	127,119	80,364	-	12,948,126
Amounts due to holding and related companies	2,481,089	-	-	208,755	2,689,844
Lease liability	69,783	8,836	165,094	1,283,768	1,527,481
Financial guarantees given	-	-	1,267,213	-	1,267,213
Total financial liabilities	**15,291,515**	**135,955**	**1,512,671**	**1,492,523**	**18,432,664**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

29. 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:

- 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.

As at 31 December 2022, 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, current – 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. For non-current – trade payables, the directors have made an assessment of the time value of money which was concluded to be immaterial, as such the carrying amounts are considered to be the best approximate of the fair value.

30. INCORPORATION

TotalEnergies marketing Kenya PLC is a limited liability company incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The parent company is TotalEnergies Marketing Afrique while the ultimate holding company is TotalEnergies SE, both incorporated in France.

31. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matter or circumstances arising since the end of the financial year as at the date of approval of the financial statements for issue, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the results of its operation as laid out in these financial statement

Appendices

APPENDIX 1

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	2022	2021	2020	2019	2018
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
ASSETS					
Non-current assets					
Property, plant, equipment and leases	13,233,730	13,317,926	12,695,408	12,712,517	11,032,442
Goodwill	416,679	416,679	416,679	416,679	416,679
Intangible assets	297,103	222,465	230,731	228,826	187,585
Deferred tax asset	405,543	393,864	308,343	377,462	336,563
Total non-current assets	**14,353,055**	**14,350,934**	**13,651,161**	**13,735,484**	**11,973,269**
Current assets					
Inventories	11,890,143	7,747,934	6,436,314	6,668,240	9,916,675
Other current assets	27,179,637	14,806,406	13,283,383	12,855,068	10,645,435
Cash and cash equivalents	19,595,935	10,100,456	9,591,950	4,281,548	6,699,178
Total current assets	58,665,715	32,654,796	29,311,647	23,804,856	27,261,288
Assets classified as held for sale	24,364	24,364	24,364	24,364	24,364
	58,690,079	32,679,160	29,336,011	23,829,220	27,285,652
TOTAL ASSETS	**73,043,134**	**47,030,094**	**42,987,172**	**37,564,704**	**39,258,921**
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	18,288,158	16,668,532	14,918,006	12,439,879	10,723,752
Total equity	30,230,449	28,610,823	26,860,297	24,382,170	22,666,043
Non-current liabilities					
Trade and other payables	1,846,318	2,239,805	1,839,746	2,125,506	1,188,711
Total Non-current liabilities	1,846,318	2,239,805	1,839,746	2,125,506	1,188,711
Current liabilities					
Trade and other payables	26,396,559	16,179,466	14,287,129	10,308,441	15,404,167
Short term borrowings	14,569,808			748,587	-
Total current liabilities	40,966,367	16,179,466	14,287,129	11,057,028	15,404,167
TOTAL EQUITY AND LIABILITIES	**73,043,134**	**47,030,094**	**42,987,172**	**37,564,704**	**39,258,921**

APPENDIX 2

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	2022	2021	2020	2019	2018
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Gross sales	141,346,899	110,161,215	97,351,821	143,990,455	136,678,235
Indirect taxes and duties	(38,544,483)	(35,450,751)	(31,920,643)	(32,113,529)	(28,765,461)
Net sales	**102,802,416**	**74,710,464**	**65,431,178**	**111,876,926**	**107,912,774**
Cost of sales	(93,222,522)	(65,909,440)	(56,374,062)	(103,266,119)	(99,560,337)
Gross profit	**9,579,894**	**8,801,024**	**9,057,116**	**8,610,807**	**8,352,437**
Operating expenses and other income	(5,571,111)	(4,685,662)	(4,214,951)	(4,712,114)	(4,882,298)
Finance income (costs) and net foreign exchange gain (loss)	(205,789)	(122,443)	(57,591)	(17,325)	128,385
Profit before tax	**3,802,994**	**3,992,919**	**4,784,574**	**3,881,368**	**3,598,524**
Taxation	(1,358,667)	(1,254,011)	(1,488,042)	(1,346,836)	(1,285,942)
Profit for the year	**2,444,327**	**2,738,908**	**3,296,532**	**2,534,532**	**2,312,582**

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NOTES

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PROXY FORM

I/We……………………………………………………………………………………………of ……………………………………………………………………………………

being a Member/Members 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 Thursday,15th June 2023 and at any adjournment thereof.

As witness by my/our hand this …………………………day of ………………………………………………… 2023

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 Eighth (68th) Annual General Meeting held on 30th June 2022.			
Adoption of the audited Financial Statements for the year ended 31st December 2022 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. 1.31- per share in respect of the Financial Year ended 31st December 2022.			
To approve the Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31st December 2022.			
Re-election of Mr Olagoke Aluko as a Director of the Company.			
Re-election of Mr Jean-Philippe Torres as a Director of the Company.			
Appointment of Board Audit Committee comprising the following Members:			
a) Mr Joseph Karago			
b) Mr Maurice Odhiambo K'Anjejo			
c) Mr Guillaume Navez			
Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorization of the Board to fix the Auditor's Remuneration for the ensuing Financial Year.			

ELECTRONIC COMMUNICATIONS PREFERENCE FORM (Please complete in Block Capitals)

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 totalenergiesagm@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 i.e.,13th Junet June 2023 at 10.00 a.m; or any adjournment thereof.

TotalEnergies

Marketing & Services

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