TotalEnergies

Marketing & Services

TotalEnergies Marketing Kenya PLC
Regal Plaza, Limuru Road, Parklands
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totalenergies.ke

TotalEnergies Marketing Kenya PLC | Annual Report & Financial Statements 2023

TotalEnergies Marketing Kenya PLC

ANNUAL REPORT & FINANCIAL STATEMENTS **2023**

TotalEnergies

About Us

TotalEnergies Marketing Kenya Public Limited Company 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.

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.

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.

AMBITION

Become the responsible energy major.

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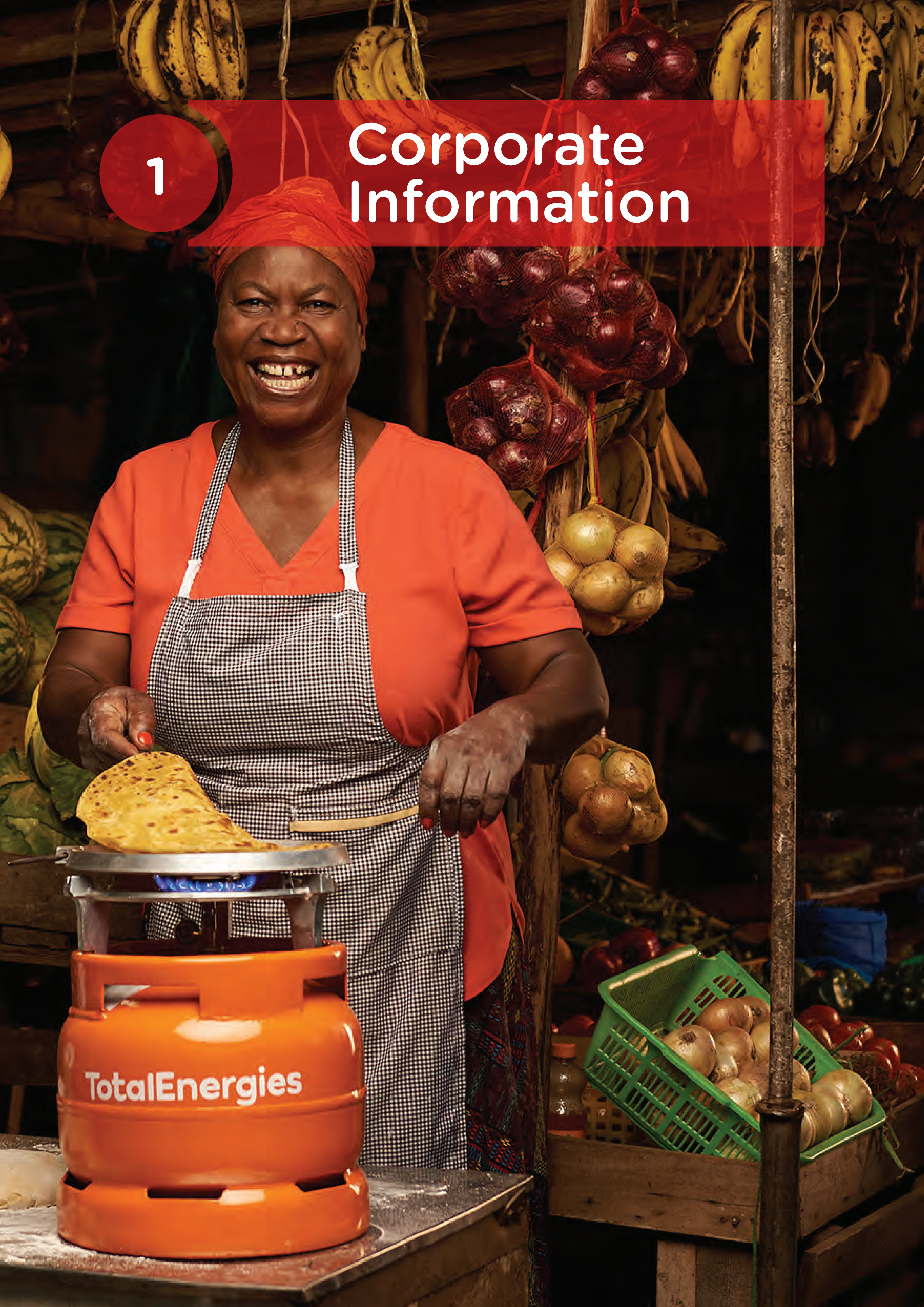
TotalEnergies

1 Corporate Information



NOTICE & AGENDA OF THE
ANNUAL GENERAL MEETING

ALL SHAREHOLDERS

NOTICE is hereby given that the Seventieth (70th) Annual General Meeting of the Company shall be held via Electronic Means on Thursday, 27th June 2024 at 9.30 a.m. (East Africa Time) to transact the following business:

AGENDA
ORDINARY BUSINESS

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

2. To confirm and adopt the minutes of the 69th Annual General Meeting held on 15 June 2023.

3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2023 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 1.92 per share in respect of the Financial Year ended 31 December 2023 (2022: KShs. 1.31), payable on or around 31 July 2024 to the holders of Ordinary Shares and Redeemable Preference Shares on record at the close of business on 27 June 2024.

5. To approve the Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31 December 2023.

6. Re-election of Directors

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

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) Ms. Catherine Musakali

   d) 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: 30th May 2024

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, 5 June 2024 at 9.00 a.m (EAT) and will close on Tuesday, 25 June 2024 at 9.00 a.m. (EAT). Shareholders will not be able to register for the AGM after 25 June 2024 at 9.00 a.m. (EAT).

iii. The following documents are available on the Company's website, https://totalenergies.ke/: (i) The Company's Annual Report and Audited Financial Statements for the year ended 31 December 2023 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.

iv. 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.
   - 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, 26 June 2024. 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.

v. In accordance with Section 298 of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to 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, 25 June 2024 at 9.00 a.m. (EAT). Any person appointed as a proxy should submit his/her mobile telephone number to the Registrars by no later than Tuesday, 25 June 2024 at 9.00 a.m. (EAT). Any proxy registration that is rejected will be communicated to the shareholder concerned by not later than Tuesday, 25 June 2024 to allow time to address any issues. A copy of the Proxy Form may be obtained from the Company's website https://totalenergies.ke/

vi. 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.

vii. 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

viii. Results of the AGM shall be published on the Company's website, https://totalenergies.ke/ within 24 hours following conclusion of the AGM.

ix. Shareholders are encouraged to continuously monitor the Company's website, https://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.

TOTALENERGIES MARKETING KENYA PLC

CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

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 Guillaume Navez)
Adele Tura	Executive	Strategy and Corporate Affairs Director (Alternate to Jean-Phillipe Torres)
Jean-Phillipe Torres*	Non-executive	Non-executive Director (Alternate to Olagoke Aluko)
Guillame Navez***	Non-executive	
Joseph Karago	Non-executive	
Maurice K' Anjejo	Non-executive	
Catherine Musakali	Non-executive	Appointed on 27 November 2023

* 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

COMPANY SECRETARY

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

REGISTRARS

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

PRINCIPAL BANKERS

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

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

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

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

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

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

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

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

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

Diamond Trust Bank Kenya Limited
DTB Centre, Mombasa Road
P.O Box 61711-00200
Nairobi, Kenya

AUDITORS

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

COMPANY PROFILE

POWERING A SUSTAINABLE FUTURE
Sustainable development is at the heart of our multi-energy strategy ensuring a just and equitable energy transition that benefits all stakeholders. This aligns with our corporate purpose to provide everyone with energy, that is more reliable, more affordable, and cleaner.

TEAM TOTALENERGIES MARKETING KENYA PLC (TMK)
TMK has a committed diverse and agile team of over 370 direct staff and over 4,500 indirect employees.

STRONG RETAIL NETWORK
TMK has over 240 stations countrywide offering oil products and services including non-fuel services.

TOTALENERGIES EXCELLIUM FUELS
TotalEnergies Marketing Kenya offers EXCELLIUM premium fuel (Petrol and Diesel) that cleans vehicle engine resulting in less fuel consumption.

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

NON-FUEL OFFERINGS
TMK offers a myriad 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 with the best engine performance.

AVIATION
TMK supplies aviation fuel in the market.

B2B (BUSINESS TO BUSINESS)
TMK is a key player in General Trade & Reseller markets with offerings across long-term contracts, tenders and spot sales.

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

Additionally, TMK is now offering home delivery service of LPG via an online platform called EASYGAS for customers convenience.

RENEWABLE ENERGIES
TMK offers solar lamps and kits for sale at our stations and authorized distributor outlets. Also, TMK offers electric motorcycle battery swapping service in partnership with various e-mobility companies at select 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.

Creating lasting moments with TotalEnergies Gas

TotalEnergies

Powering sustainability
for a better tomorrow

TotalEnergies

CORPORATE GOVERNANCE

Corporate Governance (CG) refers to the system of rules, practices and processes that guide how companies are directed, controlled, and held accountable. It involves balancing the interests of various stakeholders within the Company. At TMK, the Board of Directors plays a crucial role in controlling and directing the company's activities, affairs, operations, and property. Their objective is to maximize stakeholder value, enhance profitability, and ensure sustainable business practices.

Key Principles of Corporate Governance:

Governance: The Board is committed to upholding corporate governance principles by ensuring full compliance with relevant laws and regulations. Notably, they adhere to the Kenyan Capital Markets Authority (CMA) Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (the 2015 Code).

Committees: To fulfill its responsibilities effectively, the Board has established the following committees: Board Audit Committee (BAC), Board Risk & Governance Committee (BRGC) and the Board Nomination & Remuneration Committee (BNRC). These committees include Independent Directors with specialized skills and expertise to address specific issues within their domains.

Ethics and Compliance: The company has appointed a Country Ethics Officer and a Risk, Governance and Compliance Officer. Their mandates involve promoting awareness of ethical practices and mitigating compliance risks both internally and with external parties.

By adhering to robust corporate governance practices, TMK aims to deliver sustainable value to its stakeholders while maintaining transparency and accountability.

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 (http://www.totalenergies.com/kenya).

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, selection criteria for Board members and the duties of Board members. Any amendments to the Charter require the approval of the Board.

B. BOARD APPOINTMENT, STRUCTURE AND DIVERSITY

The Board of TotalEnergies Marketing Kenya Plc had approved and adopted transparent Board appointment procedures used to onboard new Directors of the Company. In 2023, the Board conducted a recruitment process guided by the Board appointment procedures and appointed Ms. Catherine Musakali as an Independent Director of the Company, with effect from 27th November 2023.

The Board is currently composed of seven Directors, three of whom are Independent Directors. The Independent Non-Executive Directors shall form at least one-third of the total number of Board Members, reflecting a 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 of the Company.

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 judgement, 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 an 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 TotalEnergies Marketing Kenya's strategic vision, ensure that internal controls are operating effectively and oversee the quality of the information provided to the shareholders and financial markets.

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

D. INDEPENDENCE

Independence is critical to performing the duties of a Director, as it ensures freedom of analysis, judgment, decision-making and action. All Board members must comply with provisions of the Board Charter 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 could materially interfere with the exercise of objective judgement, having regard to the best interest of the Company and its stakeholders as a whole.

All Directors of TotalEnergies Marketing Kenya Plc must avoid any situation that might give rise to a conflict between their personal interest and that of the Company. Directors are expected to make an annual disclosure 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 neither vote nor be present when the matter is being discussed or voted on.

The Board of Directors of TotalEnergies Marketing Kenya PLC is guided by the Conflict-of-Interest Policy and the Code of Conduct developed by the Company, customized and adopted by TotalEnergies Marketing Kenya PLC.

E. BOARD INDUCTION, TRAINING AND PROFESSIONAL DEVELOPMENT

Each Director is required to participate in an orientation program upon their appointment. Ms. Catherine Musakali underwent the necessary induction as a Director according to the Board's procedures upon her appointment.

In 2023, the Directors received training on key developments, particularly concerning the Company's climate ambition and energy sustainability, through in-person training sessions to ensure that they remained abreast of the latest industry practices and trends.

F. BOARD AND DIRECTOR EVALUATION

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

G. 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 regularly reviewed by the Board to ensure 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.

H. 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 senior management
- Assist the Directors in discharging their duties and responsibilities
- Facilitate informed decision-making processes

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.

I. 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, sets 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 for additional information where they consider it necessary to make an informed decision.

During the year ended 31 December 2023, the Board held four Board meetings, one special Board meeting, four Board Audit Committee meetings, two Board Risk and Governance Committee meetings and four Board Nomination and Remuneration Committee meetings. The Annual General Meeting (AGM) was held virtually on 15 June 2023, and all Directors were present both in person and virtually.

Details of Directors' attendance at Board meetings are set out below:

Name of Director	Eligible No. of Board meetings	No. of Board meetings attended	Overall % attendance
Chairman			
Olagoke Aluko	5	5	100%
Executive Director – Managing Director			
Eric Fanchini	5	5	100%
Non- Executive Directors			
Jean-Philippe Torres (Alternate Director to Olagoke Aluko)	5	1	20%
Guillaume Navez	5	5	100%
Independent Directors			
Joseph Karago	5	5	100%
Maurice Odhiambo K'Anjejo	5	5	100%
Catherine Musakali (Appointed on 27 November 2023)	-	-	-
Alternate Directors			
Lawrencia Gichatha (Alternate Director to Eric Fanchini and Guillaume Navez)	5	5	100%
Adele Tura (Alternate Director to Jean-Philippe Torres)	5	5	100%
Company Secretary			
John Maonga	5	5	100%

Note:

- Jean-Philippe Torres was duly represented by his Alternate Directors in 4 of the 5 eligible Board meetings.

J. 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.	92.59
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.	96.3
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 TMK to the Company'sPolicies, 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.	40.74
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

Note* By adding a legal expert to the Board, TotalEnergies Marketing Kenya PLC aims to enhance its governance practices and continue to ensure compliance with legal requirements.

BOARD COMMITTEES

A. The Board Audit Committee

The CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 requires that "the Company shall have an effective and properly constituted Audit Committee" and that "the Board shall establish an Audit Committee with written terms of reference."

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

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

The Board Audit 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 approval of the Board. This Committee is composed of four Directors and is chaired by an Independent Director. In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications and experience.

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
Catherine Musakali (Appointed as a member on 27 November 2023)	Independent Director
Guillaume Navez	Non-Executive Director
Charles Wambugu	Audit Manager/ Committee Secretary
Lawrencia Gichatha (Permanent Invitee of the Committee)	Finance Manager

The Committee held four formal meetings in 2023 (see details below) and invited the external auditors when discussing the Company's accounts. The Committee also invites the Managing Director to the meeting as and when required, performs inspections and interviews company managers at any time deemed necessary.

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Joseph Karago	4	4	100%
Catherine Musakali	-	-	-
Maurice K'Anjejo	4	4	100%
Guillaume Navez	4	4	100%
Charles Wambugu	4	4	100%

Charles Wambugu
Audit Manager

Charles currently serves as the Audit Manager for TotalEnergies Marketing Kenya PLC and previously held the position of Risk, Governance and Compliance Manager. He holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi and is a Certified Public Accountant (CPAK) and a Certified Fraud Examiner (CFE). Charles joined the TotalEnergies Company during the Chevron merger in 2009.

Prior to joining TotalEnergies Kenya, Charles gained extensive experience in auditing and accounting roles. He worked as a Senior Auditor at Coopers & Lybrand, served as an Audit Manager at British Oxygen (BOC) Kenya Limited, and held various audit and accounting positions at Unga Group of companies. Additionally, Charles worked with Chevron as an Area Audit Manager.

B. The Board Risk And Governance Committee

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

The Committee's roles and responsibilities are to:

- Ensure that the executive team has identified and assessed all the inherent risks in the Company and has established mitigating measures.
- Ensure that the division of risk-related responsibilities to each Board committee as clearly as possible, performing a gap analysis and approving the Company's risk management framework.
- Assist the Board of Directors by reviewing and making recommendations on the effectiveness of the Company's 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 in 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 in every year, or more frequently as circumstances may dictate. The members of the Risk and Governance Committee are as follows:

Name of Member	Position
Maurice K'Anjejo	Independent Director - Chairman
Catherine Musakali (Appointed as a member on 27 November 2023)	Independent Director
Joseph Karago (Ceased as a member on 27 November 2023)	Independent Director
Eric Fanchini	Managing Director
Lawrencia Gichatha	Finance Manager
John Maonga	Company Secretary
Adele Tura (By Invitation)	Strategy and Corporate Affairs Director
David Ayilo (By Invitation)	Risk, Governance & Compliance Manager

In the year 2023, the BRGC met virtually two times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Maurice K'Anjejo	2	2	100%
Catherine Musakali	-	-	-
Joseph Karago	2	2	100%
Eric Fanchini	2	2	100%
Lawrencia Gichatha	2	2	100%
John Maonga	2	2	100%

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

David currently serves as the the Risk, Governance and Compliance Manager for TotalEnergies Marketing Kenya PLC. He holds a Master's degree in Strategic Management, along with a Bachelor's degree in Education- Economics and Mathematics. David joined the 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. He is also TMK Compliance Officer.

David Ombonyo Ayilo

Risk, Governance And Compliance Manager

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 require 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 as follows:

- 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 candidates to the Board for consideration and appointment by the Shareholders.
- Consider qualified persons of caliber, 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 any of 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 package 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 currently composed of four (4) 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
Olagoke Aluko	Chairman of the Board
Jean-Philippe Torres (Appointed as a member on 27 November 2023)	Non-Executive Director
Guillaume Navez	Non-Executive Director
John Maonga	Company Secretary
Eric Fanchini (By Invitation)	Managing Director
Lawrencia Gichatha (By Invitation)	Finance Manager

In the year 2023, the BNRC met virtually four times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Joseph Karago	4	4	100%
Olagoke Aluko	4	4	100%
Jean-Philippe Torres	-	-	-
Guillaume Navez	4	4	100%
John Maonga	4	4	100%

"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."

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 take responsiblities for applying the Code of Conduct. We encourage a culture of openness that allows everyone to express their concerns about Code of Conduct

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:

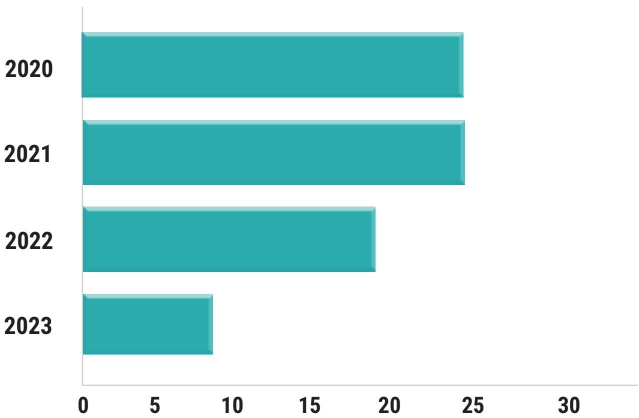
Our two core values, Safety and Respect for Each Other, are ingrained in our Company's procedures and guidelines, providing practical guidance for upholding the Code of Conduct in our day-to-day actions.

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 Compliance Program. It calls for zero-tolerance approach to corruption, fraud and anti-competitive practices and upholding 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.

Furthermore, TotalEnergies Marketing Kenya Plc respects all applicable national and international laws and norms. In instances where there is a discrepancy between a legal requirement and our code of conduct, we strive to apply the higher standard.

EVOLUTION OF FRAUDULENT INCIDENTS-NUMBER OF CASES



To guide relations with suppliers, contractors and third parties, anti- corruption, anti-fraud, anti-competitive and economic sanctions clauses are incorporated in all contracts. Additionally, a due diligence exercise is concluded before initiating any formal relations with any third parties. Training via e-learning is also extended to all our stakeholders.

Identifying and reporting existing or potential conflicts of interest by employees allows for effective risk management. Potential conflicts of interest can be mitigated 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, facilitated through an electronic Gift and Hospitality register.

The Company remains committed to respecting internationally recognized Human Rights standards, particularly those relating to employees' working conditions across all its diverse operations. A non-discriminatory recruitment program, solely based on our requirements and the specific capabilities of individual applicants, coupled with zero-tolerance policy towards harassment, fosters 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 Company has implemented a range of mitigating controls including the Integrity Committee, Ethics Officer, Compliance Officer and an Internal Audit department.

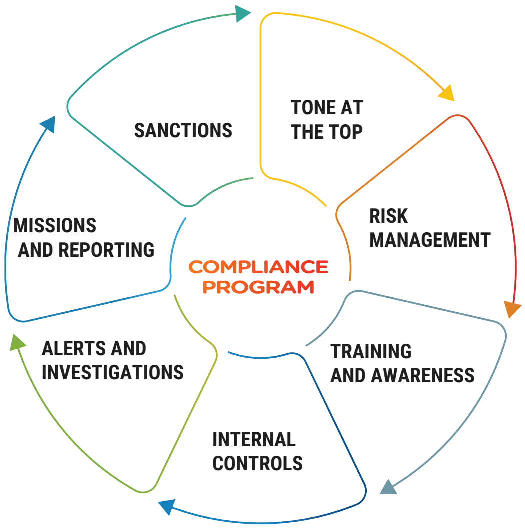
The Integrity Committee is composed of the Managing Director, Finance Manager (Ethics Officer), Human Resources and Administration Manager, Audit Manager and the Risk Governance and Compliance Manager (Compliance Officer). They are responsible for addressing all compliance-related matters. The Integrity Committee reviews cases declared by employees, customers, suppliers or any third party, through the 'Speak-Up Campaign' and ethics email of the Company and/ or TotalEnergies Marketing Kenya Plc: ethics@totalenergies.com, or ethics.ke@totalenergies.com If deemed necessary, the Integrity Committee initiates investigations, takes note of recommendations, and applies disciplinary actions accordingly.

The graphical analysis provides a summary on the outcome of proactive and reactive anti-fraud and investigation work during 2020 to 2023, with majority of the cases reported coming from the TotalEnergies Service stations.

> **"The Company remains committed to respecting internationally recognized Human Rights standards, particularly those relating to employees' working conditions across all its diverse operations"**

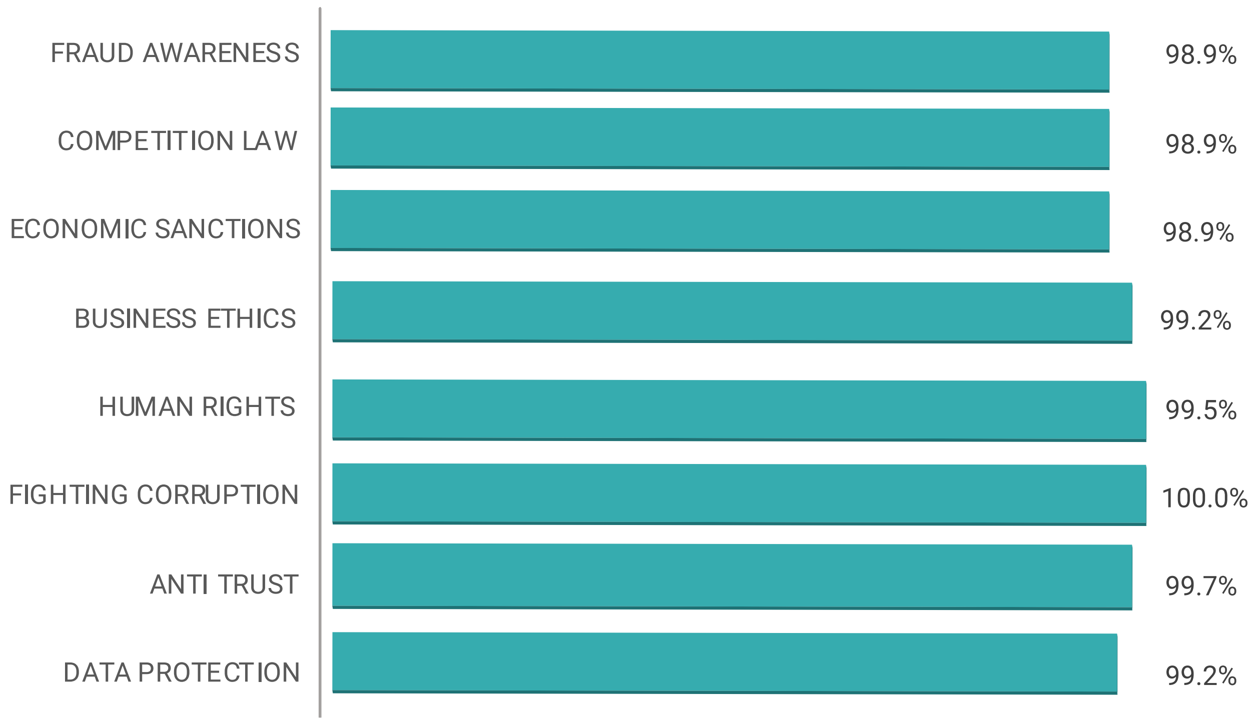
COMPLIANCE PROGRAM

To prevent risks of corruption, TotalEnergies has implemented a robust and regularly updated anti-corruption compliance program that has been extended to employees and third parties. The primary goal of this program is to promote a culture of compliance, transparency and dialogue. These components are essential for ensuring sustainability of the Company's operations and activities, as well as for meeting legal requirements. Being a multinational company, TotalEnergies Marketing Kenya Plc is subject to both local and international anti-corruption laws, as well as Group rules.



For continued awareness of the Compliance program 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 With CMA Code Of Corporate Governance

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

In fulfilment of the requirements of the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public (2015), the Company had undertaken a corporate governance audit for the Financial Year ended 31st December 2022 and the resultant findings of the audit are being proactively implemented.

The Capital Markets Authority (CMA) vide a circular number 1 of 2020 to all Issuers of Securities to the Public in Kenya, allowed Companies to conduct the governance audits at least once every two-years, with the option for the Authority to adjust the cycle in line with a risk-based approach.

On 13th June 2023, the Company formally requested CMA to consider reducing the frequency of the Governance Audit exercise from the current cycle of in every 2 years to in every 5 years based on the following grounds:

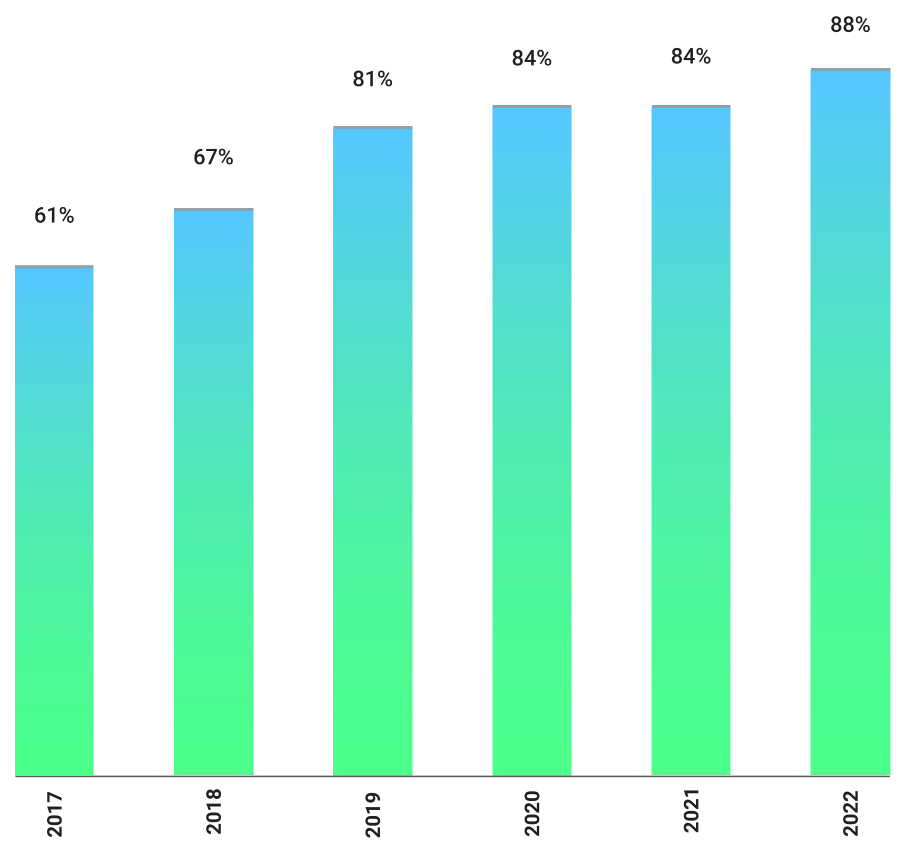
1) The Company has consistently maintained a leadership score of over 75% threshold for the last four (4) consecutive years, that is, 81% in 2019, 84% in 2020, 84% in 2021 and 88% in 2022.
2) The Board of the Company has put in place procedures, systems and controls to safeguard the interests of the Shareholders and other Stakeholders in line with the highest standards of best practice in Corporate Governance.

The CMA responded to the Company's request vide a letter dated 23rd June 2023, indicating that they will advise on this matter after further consultations on the operation of a risk-based approach concerning the frequency of the governance audits.

Pending further direction from the Authority, the Company remains eligible for a two-year cycle of the governance audit cycle and will conduct the next audit for the Financial Year ended 31st December 2024.

The Board of the Company reaffirms its commitment to upholding the principles of Corporate Governance at all times by ensuring full compliance with all relevant applicable laws and regulations, notably the CMA Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015. The Company ensures clearance by CMA for any request requiring approval prior to implementation.

CMA OVERALL ASSSESSMENT % SCORE



2 Management

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

1. Ms. Lawrencia Gichatha
2. Mr. Adele Tura
3. Mr. Eric Fanchini
4. Mr. Jean-Philippe Torres
5. Mr. John Maonga

FROM LEFT TO RIGHT

1. Mr. Joseph Karago
2. Mr. Olagoke Aluko
3. Ms. Catherine Musakali
4. Mr. Guillaume Navez
5. Mr. Maurice Odhiambo K'Anjejo

DIRECTORS' PROFILES

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 23 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 Plc, 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 OLAGOKE ALUKO
CHAIRMAN OF THE BOARD

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 22 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 Ghana for 4 years.

MR ERIC FANCHINI
MANAGING 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 JEAN-PHILIPPE TORRES
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 GUILLAUME NAVEZ
NON-EXECUTIVE DIRECTOR

Mr. Joseph Karago, born in 1962, is a distinguished registered Architect, renowned for his extensive contributions to the Built Environment in the Region. Since 2019, Mr. Karago has played a pivotal role at The Foreign, Commonwealth & Development Office (FCDO) as an Independent Advisor/Government liaison. In this capacity, he provides invaluable strategic advisory services encompassing analytical, technical, and managerial expertise, supporting urban regeneration programs and ensuring the timely and efficient delivery of Government projects within allocated budgets.

A member of the Institute of Directors (Kenya), Mr. Karago has held the position of Independent Director at TotalEnergies Marketing Kenya Plc since his appointment on 9th June 2016. Within TotalEnergies, he serves as Chair of the Board Audit Committee, Chair of the Nominations & Remunerations Committee, and member of the Risk & Governance Committee, showcasing his adeptness in governance and leadership.

Furthermore, Mr. Karago holds Directorship positions in several other esteemed companies, including Ziyanda Investments Limited, Tanelec Zambia, and Ayanda Capital. His commitment extends beyond the corporate realm, as evidenced by his active involvement in corporate social responsibility initiatives. Notably, he serves as a distinguished member of the Board of Governors of Thomas Barnados Home and holds the esteemed position of Chairman of the Adoptions Committee at Kenya Children's Home, reflecting his dedication to societal welfare and upliftment.

MR JOSEPH KARAGO
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.

MR MAURICE ODHIAMBO K'ANJEJO

INDEPENDENT DIRECTOR

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 the 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.

MS LAWRENCIA GICHATHA

FINANCE MANAGER

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 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. He previously served as the Human Resources & Administration Manager at TotalEnergies Marketing Kenya PLC, the Regional Human Resources Manager at TotalEnergies Africa and the 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.

MR ADELE TURA

STRATEGY & CORPORATE AFFAIRS DIRECTOR

Catherine Musakali was born in 1969 and is an Advocate of the High Court of Kenya and a Fellow of the Institute of Certified Secretaries of Kenya. She holds a Master of Laws Degree from the University of Nairobi, a Post Graduate Diploma from Kenya School of Law, a Bachelor of Laws (LLB) Degree from the University of Nairobi and a Certificate in Securities and Investment from the Securities and Investment Institute (UK). She is also a Fellow of the Institute of Directors (Kenya).

Catherine is the Founder of Dorion Associates LLP, a firm specialized in governance matters and commercial legal consultancies. Prior to founding Dorion Associates LLP, Catherine worked in the oil industry for over fifteen years in various capacities and jurisdictions.

Recognized and well respected in industry as a governance expert, Catherine has championed Corporate Governance in private and public institutions, spearheading the development of three codes of Corporate Governance in Kenya. She is a member of various Boards across private and public sectors. Catherine, who supports gender representation in corporate Kenya particularly in the boardroom, is a co-founder and Chair of 'Women on Boards Network Kenya' a nonprofit which prepares and supports senior women to access board positions.

MS CATHERINE MUSAKALI

INDEPENDENT DIRECTOR

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.

MR JOHN MAONGA

COMPANY SECRETARY

MANAGEMENT EXECUTIVES

FROM LEFT TO RIGHT

1. Ms. Lawrencia Gichatha
2. Mr. Oliver Biyogo
3. Mr. Eric Fanchini
4. Mr Christophe Wittmann
5. Ms. Elizabeth Sotuminu

FROM LEFT TO RIGHT

1. Ms. Susan Gacheru
2. Mr. Adele Tura
3. Mr. Martin Mutuma
4. Ms. Mary Muiruri
5. Mr. Sandip Mukherjee

MANAGEMENT PROFILES

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 22 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 Ghana for 4 years.

MR ERIC FANCHINI
MANAGING DIRECTOR

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 the 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.

MS LAWRENCIA GICHATHA
FINANCE MANAGER

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 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. He previously served as the Human Resources & Administration Manager at TotalEnergies Marketing Kenya PLC, the Regional Human Resources Manager at TotalEnergies Africa and the 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.

MR ADELE TURA
STRATEGY & CORPORATE AFFAIRS DIRECTOR

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.

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

Ms. Susan Gacheru joined TotalEnergies Marketing Kenya Plc as the Planning & Supply Manager in July 2017. She has 20 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.

MS SUSAN GACHERU
PLANNING AND SUPPLY MANAGER

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 OLIVER BIYOGO
COMMERCIAL MANAGER SPECIALTIES

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 MARTIN MUTUMA
HEAD OF HUMAN RESOURCES AND ADMINISTRATION

Ms. Elizabeth Sotuminu holds a Masters in Structural Engineering and a Bachelor of Science in Civil Engineering from the University of Lagos. She is a member of the Institute of Engineers and the Council for Regulation of Engineering in Nigeria (COREN). She has over 27 years of experience in the Oil Industry. She has worked with TotalEnergies in Africa and Europe, serving in different positions, including: Managing Director at TotalEnergies Sierra Leone, Operations and Mining Manager at TotalEnergies Ghana, Engineering Manager at TotalEnergies Nigeria, and as the Business, Logistics Engineer responsible for Central and East African countries in Paris. Before being appointed Operations Manager, she was a Group Internal Auditor based in Paris.

MS. ELIZABETH SOTUMINU
OPERATIONS MANAGER

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 within East Africa. His last position was General Manager – Sales for GAPCO Kenya Ltd. He had also worked in India with MNCs like ESAB and has varied experience across petroleum downstream, engineering, management consultancy and international business development.

MR Sandip Mukherjee
COMMERCIAL MANAGER B2B

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 2021she was appointed HSEQ Manager and prior to this appointment she was the PRISM and Regional optimization manager for East Africa based in Kenya.

MARY MUIRURI
HSEQ MANAGER

3

Sustainability Report 2023

Energizing the Future

More Energies, Less Emissions, More value

#TotalEnergies&I

PLASTIC CUPS & PLATES
FLEXIBLE PACKAGING

CAR OIL BOTTLES/
BUCKETS

WATER & SODA BOTTLES
& BOTTLE TOPS

HOUSEHOLD
PLASTICS

Recycle For Good

Earn redeemable points at bonjour shops when you dispose of your plastics

TotalEnergies

ABBREVIATIONS AND ACRONYMS

CAK	Competitive Authority of Kenya
CSR	Corporate Social Responsibility
DEI	Diversity, Equity & Inclusion
ESG	Environmental, Social and Governance
EV	Electric vehicle
FiRE	Financial Reporting
FTC	Fixed Term Contract
GHG	Greenhouse gases
GRI	Global Reporting Initiative
HSE	Health, Safety and Environment
HSEQ	Health, Safety, Environment and Quality
IFRS	International Financial Reporting Standards
KPIs	Key Performance Indicators
KWp	Kilowatt Peak
LPG	Liquefied Petroleum Gas
MAESTRO	Management and Expectation Standards Towards Robust Operations
MANCOM	Management Committee
MWh	Megawatts hour
NEMA	National Environment Management Authority
NGOs	Non-governmental organizations
OEM	Original Equipment Manufacturer
PIEA	Petroleum Institute of East Africa
PCR	Post consumer recycled
PPE	Personal Protective Equipment
RGC	Risk and Governance Committee
SDGs	Sustainable Development Goals
SFS	Shops, food, and service
SRM	Stakeholder Relationship Management
SWOD	Safe Waste Oil Disposal
SWRW	Safe Way Right Way
TMK	TotalEnergies Marketing Kenya PLC
TRIR	Total Recordable Injury rate
TOC	Twice Orators Club
VFD	Variable Frequency Drive
VPSHR	Voluntary Principles of Security, Human Rights
TCo2e	Tonnes of co2 equivalent
UNEP	United Nations Environment Programme
WEEE	Waste Electrical and Electronic Equipment
WED	World Environment Day
YGT	Young Graduate Trainee
YGTP	Young Graduate Trainee Program

ABOUT THIS SUSTAINABILITY REPORT

Reporting period

This report details the actions TotalEnergies Marketing Kenya PLC (TMK) undertook in 2023 to fulfill its ongoing obligation to adhere to environmental, social, and governance (ESG) standards. This report offers explanations on past and future activities on environmental, social and governance issues and has ensured consistency, accuracy, and comparability. The report has been prepared in accordance with the GRI Standards of 2021 including the GRI 11- Oil and Gas Sector 2021, and the Nairobi Securities Exchange ESG reporting guidance considerations. The report complements the Company's Annual Report and Financial Statement for the same period, which is available at the company website.

Reporting Scope and Boundary

The information and data contained in this report covers TMK operations and results for the year 2023 unless otherwise indicated. The data and narratives presented have been compiled from the official TMK documents, management input and incorporates stakeholder concerns reflecting the Company's ESG Strategy and Priorities.

Forward-Looking Statements

Besides historical facts, any mention and description of events that may or could occur, including but not limited to conditions, targets, estimations, and business plans, are considered to be forward-looking statements. The impact of external variables may result in actual developments or trends that are different from those expressed in forward looking statements. Forward-looking statements contained in this report are made as of December 31, 2023. TMK is not obliged to or responsible for modifying any of the aforesaid forward-looking statements.

Statement of use

TotalEnergies Marketing Kenya PLC has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023 and the GRI content index is provided from page 78-85 of this report.

Corporate Information

PRINCIPAL PLACE OF BUSINESS, HEAD OFFICE AND REGISTERED OFFICE

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

ABOUT TOTALENERGIES MARKETING KENYA PLC

TMK is a responsible energy company, marketing quality petroleum products and energy solutions to its customers. Established in Kenya since 1955, we are the only multinational oil company listed on the Nairobi Securities Exchange. For almost 70 years, TMK has grown, leveraging on innovation to offer a wide range of products and services reaffirming our position as a market leader in Kenya.

As a company, we embarked on a strategic transformation with rebranding from Total Kenya PLC to TotalEnergies Marketing Kenya PLC reflecting our unwavering commitment to a sustainable future. Our bold ambition is reinvent the energy landscape of production and consumption, while reducing global warming in-order to achieve net-zero emissions by 2050, together with the society.

TMK maintained strong momentum in 2023, implementing our multi-energy strategy with a focus on climate action to handle the dual challenge of meeting the energy needs of an ever-growing world population. Our diverse, talented and agile workforce of over 370 direct employees and over 4,500 indirect jobs, remains a key pillar in driving our vision and shaping a sustainable energy future for Kenya.

NET zero 2050

Our Ambition

- To be a major player in the energy transition, on the road to Net Zero by 2050, together with society.

- 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 Vision

- The purpose of Total Energies 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 carbon intensive while ensuring safety in all operations and day-to-day business.

Our Mission

Our Core Values

- **Safety** is a value that we respect above everything else because it is the core component of an industrial company's responsibility. It is also the foundation of our long-term viability. This core value is amplified in our safety credo: 'Safety for Me, For You, For All'. We are uncompromising when it comes to safety.
- **Respect** for each other puts people at the center of our collective responsibility. It means listening to each other, recognizing, and embracing diversity. It considers ethics, honesty, business integrity and upholding human rights and as a result, the rejection of corruption, fraud, and unfair practices with regard to our competitors, in any form.
- **Pioneer Spirit** is a trait we have always displayed, through our boldness and courage in conquering new territories and innovating. This is our ability to innovate from a technical, business, people, strategy, and geopolitical standpoint. It is in equal parts equivalent to boldness, ambition and courage which results in knowing when to adapt, how to overcome adversity and how to be agile.
- **Stand Together** is the powerful bond that unites us within TotalEnergies. It means being loyal to and trusting each other. We draw support from our strength as a team. "Stand Together" means "think TotalEnergies", act in its best interests of the company.
- **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.

> "Our diverse, talented and agile workforce of over 370 direct employees and over 4,500 indirect jobs, remains a key pillar in driving our vision and shaping a sustainable energy future for Kenya."

Our Products

In an ever-changing energy world, we place our customers at the center of our business priorities. Our focus on customer centricity aims to improve customers experience by simplifying the customer journey, monitoring satisfaction, and managing claims professionally. Our Net promoter score (NPS) reflects a strong company commitment to deliver exceptional customer experiences.

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

At TMK, we conduct marketing and communication of our products and services to our customers in appropriate, responsible, and transparent ways. We ensure that all the information provided in our packaging materials is fact based and follow any relevant authority's guidelines as well as best practices and local code of conduct.

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. This improves engine efficiency, contributes to a reduction in polluting emissions and provides car owners with a more environmentally friendly driving experience.

Lubricants

TMK is a leading supplier of lubricants in the market that is committed to producing 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 addition to that, TMK has started local production of synthetic lubricants, some of these oils have been engineered using TotalEnergies' advanced low SAPS technology to increase the longevity of the diesel particulate filter (DPF) and to provide extended drain intervals. Longer drain intervals lead to lower maintenance costs. Synthetic lubricants use cutting edge technology to exceed the latest requirements of most OEMs. This includes superior temperature resistance, better engine protection, lower oil consumption and cleaner engines.

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 towns and cities in the country.

Solar lanterns

TMK 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, Home Sunshine kit and torch.

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

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, lubricants, solar, LPG, car care, wash or any other products and services at our service stations and bonjour shops.

SERVICES

Network of station

TMK has a vast network of over 240 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.

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, Java on the go, Java Express and Mugg & Bean. This is part of our customer centric 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, dry cleaners, barber shops, service bays and restaurants in collaboration with other third-party partners.

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.

Carwash 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.

Memberships

We value membership in relevant organizations providing an opportunity to network and relationships, advocacy, and access to best practices. These affiliations not only strengthening our own business but also contributing to a more collaborative and successful industry ecosystem.

- Petroleum Institute of East Africa (PIEA).
- Kenya Association of Manufacturers (KAM).
- French Chamber of Commerce - Kenya (FCC - Kenya).
- International Chamber of Commerce - Kenya (ICC - Kenya).

Awards and recognitions

At TMK, we are deeply committed to achieving excellence in all areas of our business, and particularly in our sustainability efforts. This year, we were honored to receive several prestigious awards and recognitions that validate the dedication and hard work of our entire team. Beyond the recognition, we leverage the insights gained from these recognitions, alongside feedback from stakeholders to further strengthen our ambitious business goals.

TMK won the following awards at the FiRE Awards to celebrate outstanding financial reporting excellence.

- Overall FiRE Awards 2023 Winner
- Best Entity in Kenya
- Best Listed Entity
- Best in Commercial & Services
- Best in IFRS Compliance

2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) HIGHLIGHTS

ENVIRONMENTAL IMPACT

NET ZERO AMBITION BY 2050

Scope 1 & 2 emissions
(577 tCO_2e)

2023 vs. 2022
-25% Reduced Carbon emissions

2 EV charging units launched at Nairobi stations

7% suppliers with a climate commitment

SOLARIZATION

148 Stations solarized

3 Depots solarized

Headoffice powered by solar

WASTE

Diverted
35 tons of plastic waste from landfills (collected & recycled)

0.5 tons of e-waste from landfills (collected & recycled)

3.4 tons Post Consumer Recycled Content (PCR) in recycled lube packaging

BIO DIVERSITY

Planted
30,000+ trees through Eco Challenge Program

73 employees volunteered in tree planting initiative

WATER

Rainwater harvesting in 27 stations

Deployed
water-savings sensor taps

LOW CARBON PRODUCTS

Biodiesel Pilot

13 EV Mobility footprint with three strategic Partners

SOCIAL IMPACT

DIVERSITY, EQUITY AND INCLUSION

37% Women in the company workforce

35% Women in management

20% Women representation on the Board

Launch of Disability Charter

Launch of Twice Program for Women's Empowerment

PEOPLE PERFORMANCE

98% Participation 2022 Score 96%

93% Staff Engagement 2022 Score 93%

55.2 Average Training Hours per employee

SUPPLY CHAIN

Sustainability Audits conducted on
3 Key suppliers

275 Persons trained on Voluntary Principles of Security and Human Rights

HEALTH AND SAFETY

48 Joint Safety tours conducted

3,397 Life savings checks implemented

Zero Total Recordable Injury Rate achieved

ECONOMIC IMPACTS

37.5 Billion KShs Payment of Taxes

12.8 Billion KShs Paid to suppliers

2.0 Billion KShs Paid in salaries

12.8 Million KShs spent in corporate social Investment

370+ Employees

+522,000 solar lamps sold

2.6 million Lives impacted

CERTIFICATIONS

ISO 14001:2015 CERTIFIED

Blending plant environment management system

ISO 9001:2015 CERTIFIED

Quality management system for the entire company

Submit your project on
startupper.totalenergies.com
and win TotalEnergies' support!

TotalEnergies

Pioneers for 100 years

LEADERSHIP STATEMENTS

Message from Chairman

Energy represents the history and the future of TotalEnergies, and the dual challenge of our time is to meet the energy needs of an ever-growing world population while addressing climate change. This drives our commitment to reinvent energy production and consumption that is anchored on two pillars; development of renewable energies and responsible low emissions in the downstream production. This puts us in an exciting position to be a world-class sustainable player in the energy industry. Notably, we have made tangible progress on our pathway to Net Zero by 2050 supported by investments in cutting-edge clean energy technologies.

As a company, we adopt a holistic approach to sustainable development, embedding it across our multi-energy strategy, projects, and operations as we contribute to achieving the UN Sustainable Development Goals (SDGs). Our sustainability strategy is built upon four strategic pillars; Energy & Climate, Acting for the Well-Being of Employees; Caring for the Environment and Having a Positive Impact for Stakeholders. To solidify our commitment to sustainability, we established a dedicated Sustainable Development function to lead our efforts in achieving positive Environmental, Social, and Governance (ESG) outcomes. I am pleased to present our sixth Sustainability Report, a voluntary publication within TMK Annual Report, that outlines our progress in ESG performance and impacts.

In our business, safety is not just a priority; it's a fundamental value woven into the very fabric of our operations. We are relentlessly committed to achieving our goal of zero fatalities, fostering a safe culture for both our staff and contractors, and running environmentally responsible operations. We also continue to contribute to their resilience and sustainable socio-economic development through corporate social investment programs and constant dialogue with stakeholders in our quest to create shared value.

Our employees are at the heart of our performance and their commitment is essential to the success of our just transition and our achievement of our long-term objectives. Our people ambition of "Better Together" brings together a set of measures to make the Company a good place to work together. In addition to that, we endeavour to promote sustainable practices throughout our value chain delivering economic, environmental, and social benefits for our partners and stakeholders.

We extend our gratitude to our customers, employees, and all our stakeholders who have partnered with us on this journey. Your unwavering commitment and collaboration are the foundation of a sustainable future.

As an Energy major, we will continue to shape our sustainability journey with a commitment to "more energy, less emissions" transition strategy. Together, let's build a sustainable future that meets the current energy needs and accelerating the development of tomorrow's decarbonized energy system that drives a lasting positive global impact.

“People Drive TMK Strategy and we are committed to supporting the skills development of our employees. In the year, we had an upskilling program for our employees dubbed “Visa for TotalEnergies” aimed at preparing all employees for the transformation of the Company.”

Message from Managing Director

As a major energy player in the energy industry, we are committed to a just transition at the heart of our roadmap. This drives our strong commitment to provide high quality energy products and solutions that are more affordable, cleaner, reliable and less carbon intensive to our customers. We are proud of pioneering spirit in the service of energy and committed to this new path of collective challenges for sustainable development and achieving our Net Zero ambition, together with society.

Our sustainability strategy is anchored on four strategic pillars designed to deliver environmental and social impact for our company and the broader society. The four pillars are informed by the United Nations Sustainable Development Goals. They include: Energy & Climate, Acting for the Well-Being of Employees; Caring for the Environment and Having a Positive Impact for Stakeholders. Notably, in the year we launched the inaugural Sustainab'ALL Day event showcasing our commitment to sustainable development.

Decarbonization is our commitment, we have consistently reduced carbon emissions from our operated sites. We remain steadfast in lowering our Scope 1 and 2 emissions supported by a robust 'Go green action plan'. Historically, TMK has also been active in implementation of solar solutions, a renewable energy. The company has invested in the solarization of 148 service stations, 3 of our depots and the Headoffice as well implemented energy efficiency initiatives that have lowered energy consumption. Moreover, our ongoing biodiversity eco-challenge program mitigates our carbon footprint by planting of over 30,000 trees annually. We also implement waste reduction programmes and have established circular economy partnerships with Mr. Green Africa for plastic waste collection and Electrical and Electronic Equipment Centre (WEEE) for E-Waste collection at our service stations. I am proud to announce a significant milestone of the launch of our recycled lubricants package, together with our partners a major step forward in environmental responsibility and plastic waste reduction.

This year, we supported our customers in their decarbonization journeys, aligned with our multi-energy roadmap and the sustainability objectives. As a result of our pioneer spirit, TMK was the first OMC to launch electric bike solution with E-mobility partners in 2022 and building on this installed 2 EV charge points in Nairobi stations in 2023. TMK also started the Biodiesel journey by launching a pilot run with the B1 blend with one Transporter. Additionally, over 522,000 units of solar lamps have been sold under the Access to Energy Program, targeting last mile delivery of solar in Kenya.

People Drive TMK Strategy and we are committed to supporting the skills development of our employees. In the year, we had an upskilling program for our employees dubbed “Visa for TotalEnergies” aimed at preparing all employees for the transformation of the company. In addition to that, we actively promote and champion a diverse and inclusive workplace, attracting and retaining talent and work in improving employee well-being, leading to a more engaged and productive workforce. During the year, we launched TotalEnergies Women’s Initiative for Communication and Exchange (TWICE) Kenya chapter to support women’s leadership development.

At TMK, safety of our staff and contractors is more than a priority, it is a core value deeply ingrained in our culture, and we are relentlessly committed to achieving our goal of zero fatalities in our operations. We also believe in listening and engaging our stakeholders to help us to deliver our business strategy. Our values of Safety, Respect For Each Other, Pioneer Spirit, Stand Together and Performance Minded are our guide to our actions as well as our relations with our stakeholders.

I invite you to delve into our Sustainability Report, showcasing the company’s ESG performance and achievements reflecting on our ongoing sustainability journey. This report confirms our unwavering commitment to transparency and accountability.

Building on a strong history of leadership, we will deliver innovative products, services and solutions that meet society’s energy needs while creating value for our customers, employees, shareholders, and the wider community. Together energizing a sustainable future.

CORPORATE GOVERNANCE

Corporate governance serves as the foundation for ensuring ethical decision making, accountability and transparency within organizations, reflecting their commitment to sustainability and responsible business practices. Our foundation of strong governance ensures efficient management and long-term success, guided by strategic board members in overseeing TMK's activities. The corporate governance framework is designed for value-based management and oversight, focusing on long-term success, effective internal collaboration, safeguarding shareholders, and employees interests, and implementing appropriate risk management systems.

The Company has a Risk Management framework. This is a guided process which involves all the company departments. There are two sets of Risk mapping reports, the first one is a comprehensive Global Risk mapping (done every 3 to 5 years) targeting all topics of the company's business and a second one focusing on only Corruption and Influence Peddling (done every 3 years).

Policies and Procedures

Our policies and procedures are guided by TotalEnergies Company and localized as appropriate. These local policies, guidelines and procedures are key to governing and delivering our sustainability agenda. They can be accessed on the company website: www.totalenergies.ke

TMK Policies and Procedures	Summary of Areas Covered	Key Stakeholders
Code of Conduct - TotalEnergies Company	Informed by our two core values, Safety and Respect for Each Other, Our Code of Conduct describes: • The practices to uphold integrity. • Our commitments to all stakeholders. • Role of the Ethics Committee. • Steps taken to report violations of the Code of Conduct, alongside provides accessible reference texts.	• Host country • Shareholders • Local communities • Customers • Suppliers • Employees • Contractors • Business Partners
Ethics And Business Integrity Directive	Rooted in our core values, this guideline provides practical guidance for upholding the Code of Conduct in TMK's day-to-day actions. TMK demonstrates dedication to respect applicable regulation, local cultures while maintaining integrity and mutual respect with our stakeholders.	• Customers • Shareholder • Distributors • Suppliers • Contractors • Local communities • Business Partners Civil society
Health Safety Environment and Quality Directive	TMK holds health protection, safety of operations, security of people, assets and data, respect for the environment and customer satisfaction as paramount priorities. Our HSEQ Directive states the actions to achieve continual improvement and the highest standards of operation.	• Contractors • Suppliers • Employees • Business Partners • Customers
Whistle Blowing	As a company, we believe in conducting our business affairs in a fair and transparent manner by adopting the highest standards of integrity. TMK is committed to developing a culture where it is safe for all our stakeholders to raise concerns and grievances on any misconduct. Our Speak-Up campaign outlines the communication channels and the action taken for each reported case. Our dedicated and confidential email address: ethics.ke@totalenergies.com	• Employees • Suppliers • Customers
The policy on information technology (IT)	The Company has implemented a comprehensive policy on ICT, which sets the framework for: • The development, management and control of the various IT systems in the Company; • ICT Security, Data Protection and Cyber Security Monitoring. • ICT literacy among the staff members, partners and other stakeholders.	• Employees • Suppliers • Customers
The dispute resolution process	Stakeholder Relationship Guide and Stakeholder Grievance Management Guide The Company is dedicated to achieving swift and equitable resolution of any disputes, conflicts, or disagreements that may occur periodically. Both the Stakeholder Relationship Guide and Stakeholder Grievance Management Guide provide guidance on how the Company handles disputes and aims to facilitate effective resolution processes while preserving positive relationships with stakeholders.	• Shareholders • Local communities • Customers • Suppliers • Employees • Contractors • Business Partners

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Sustainab'ALL Program

Energy is at the heart of the global climate challenges of the 21st century, as outlined in the United Nations Sustainable Development Goals (SDGs) for 2030. Our transition strategy is to achieve Net Zero by 2050, together with society, and affirms our purpose to access energy to all, that is more reliable, more affordable, and cleaner.

As a company, we place Sustainability at the heart of our multi-energy strategy, integrated into our projects and operations to contribute to the well-being of the populations.

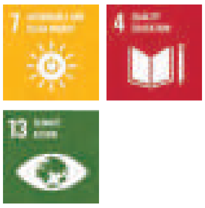
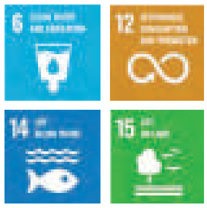
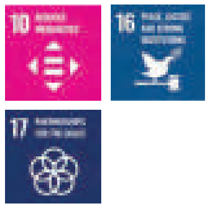
In 2022, TotalEnergies launched a Sustainab'ALL program, aimed at mobilizing all employees in the company's transformation, mapped around the four pillars of our sustainability ambition. We have developed objectives based on ten indicators for the 2023-2025 period. The program aims to engage all our employees and demonstrate that the SDGs play a part in the transformation of our company.

> **As a Company, we place Sustainability at the heart of our multi-energy strategy, integrated into our projects and operations.**

Advancing the SDGs

In June 2021, TotalEnergies reaffirmed its commitment to the SDGs by incorporating them into its ambition; part of being a responsible player in the energy industry is taking up the broader challenges of sustainable development for the planet.

TMK aims to be a benchmark for endorsement of the United Nations' Sustainable Development Goals, aligned with the world's sustainable development priorities. The SDGs are part of the Business transformation and our Business operations are in support of SDGs. Our four pillars contributions are directly advancing to the SDGs.

Environment		Social	Governance
Climate and Sustainable Energy	Caring for theEnvironment	Acting for the well being of Employees	Positive Impact for Stakeholders
			

Sustainab'ALL Moment

To embed sustainability culture, we introduced the Sustainab'ALL Moments, at the start of the afternoon meetings to share on a sustainability related topics or subjects, including a highlight on actions or progress of the Company linked to the objectives of the program. The aim is to share best practices, note improved actions, provide continuous learning, as well as proposing new projects that would enable us to achieve the 10 objectives of the Sustainab'ALL program.

Sustainab'ALL DAY 2023

We are proud to have hosted our first Sustainab'ALL Day, an event that was held on 6th October 2023, where we celebrated our Sustainab'ALL program and shared on solutions to the challenges of sustainable development. This was an internal initiative that endeavored to create awareness and education staff on the TMK sustainability strategy. Various staff in different departments showcased the progress of their actions on the ten sustainable objectives including appreciating the contributors to the various initiatives.

TMK Staff celebrating Sustainab'ALL day at the head office

Our sustainability performance highlights

ESG Material Topic	Metrics relevant to Total	TMK Performance	
		2023	2022
Climate and Sustainable Energy	Scope 1 CO2 emissions (tCO_2e)	339	366
	Scope 2 CO2 emissions (tCO_2e)	238	405
	Total Scope 1 & 2 emissions (tCO_2e)	577	771
Energy Efficiency	Electricity consumed (MWh)	2,236	2,507
Low energy Carbon transition	Number of Biodiesel projects piloted	1	-
	Number of EV Mobility sites with our Partners	13	3
	Number of TMK EV charging units installed	2	-
Accessible and Affordable Energy for All	Cumulative solar lamps distributed	522,000	501,000
Care for the environment			
Offsetting Emissions with Nature Carbon Sinks	Number of trees planted (Eco Challenge Program)	30,220	30,287
Conserving water resources	Quantity of water withdrawn (litres)	23,921,180	31,114,544
	Number of stations harvesting rainwater	27	2
Circular Resource Management	Quantity of waste generated from TMK own activities Hazardous & Non-Hazardous waste (tons)	158	264
	Number of plastic waste collection points in collaboration with Mr. Green	10	2
	Waste collected and recycled via Mr. Green (in tons)	35	18
	Number of electronic waste collection points in collaboration with WEEE Centre	4	2
	Waste collected and recycled through WEEE Centre (tons)	0.5	0.5
	Tons of Post Consumer Recycled (PCR) Content in Recycled Lube Packaging	3.4	-
Acting for the well-being of employees			
Ensuring People's Safety	Number of joint safety tours conducted	48	38
	Total Recordable Injury Rate	0	0
	Life Saving Checks	3,397	2,073
Transforming with our People	Average hours of training per employee	55.2	56.8
Diversity, equity, and inclusion	Number of women in workforce	37%	34%
	Number of women in managerial roles	35%	29%

Our sustainability performance highlights.

ESG Material Topic	Metrics relevant to Total	TMK Performance	
		2023	2022
Positive impact for stakeholders			
Social and Community Welfare Development	Amount contributed to donations and sponsorships (KShs)	12,880,926	15,883,749
	Number of motorcycle rider training under Safe Way Right Way	349	843
	Network CSR Helmet4Life Number of riders trained	200	0
	Number of employees who participated in tree planting	73	67
Anti- Corruption	Total number Board members and employees that have received training on anti-corruption	371	368
	Total number of confirmed fraud incidents at TMK services stations	9	19

Direct Economic Value Generated and Distribution

As a publicly listed entity, we believe that we have a fiduciary responsibility to continually deliver value to our stakeholders. This responsibility extends beyond the creating value for shareholders to include value creation for regulators, government, suppliers, community, and employees among other stakeholders. During the 2023 financial year, our revenue growth increased by 17% and consequently our net profit increased by 24%.

Refer to our 2023 Integrated Annual Report & Financial Statements for detailed financial information.

	2023	2022
Net Turnover (KShs Billion)	120	103
Profit after tax (KShs Billion)	3.0	2.4
Amount paid in taxes both direct & indirect (KShs Billion)	37.5	39.8
Amount paid to Local suppliers (KShs Billion)	12.8	12.1
Staff costs- Salaries and wages (KShs Billion)	2.0	1.7
Dividends (KShs Billion)	1.2	0.8

Stakeholder Engagement

Our activities have a significant effect on society, and directly or indirectly concern many stakeholders. With growing expectations of businesses, legitimate questions are raised about our strategy, how we implement it and the impact it has. We prioritize and champion open dialogue and proactive stakeholder engagement. We actively participate in forums to foster continuous communication and anticipate the needs and expectations of our local stakeholders.

Stakeholders are defined as individuals and organizations that affect or are affected by the company's business. In TMK's view, dialogue with its internal and external stakeholders is essential for the Company to conduct its business responsibly and integrate the long-term challenges of sustainable development in its strategy and policies.

This dialogue contributes to the identification of the main risks and impacts of the Company's activities, and more broadly to a better understanding of changing trends and the main societal expectations of each of the major categories of stakeholders. It is also a prerequisite to ensuring that the Company is firmly integrated in its operating areas, as well as an effective tool for identifying ways to generate value at the local level.

TMK believes that transparency is an essential principle of action in building a trust-based relationship with its stakeholders and ensuring that the Company is on a path of continuous improvement. TMK has structured its dialogue and stakeholders' engagement processes in way that accommodates different stakeholders at different levels of the Company. From the most local level to the head office, dialogue helps to identify and analyze the main risks and impacts relating to our activities, as well as giving a better understanding of the complex challenges involved and to identifying opportunities for collaboration. Discussion between us and our stakeholders, as well as regular monitoring and tracking of social trends, provides us with an understanding of the challenges at stake, to feed the Company's strategy. We organize formal and informal discussion channels for dialogue with all stakeholders throughout our operations.

Stakeholders' engagements are designed to develop a long-term, trust-based relationship founded on principles of respect, attentiveness, constructive dialogue, proactive engagement, and transparency, consistent with the legitimate need for confidentiality as appropriate. They also ensure that stakeholder warnings or grievances can be gathered and addressed quickly and that potential controversial situations are defused.

Mapping of our stakeholders

PUBLIC AUTHORITIES

Host countries Authorities
Administrations

ECONOMIC SPHERE

Employees and their representatives
Investors and shareholders
Customers- Suppliers
Professional associations

CIVIL SOCIETY

Neighboring and local communities
Institutions and multilateral agencies
Universities and research centers
Experts and researchers
NGOs
Media

Each group of stakeholders has a single point of contact at the corporate level who is responsible for responding to their requests, keeping them informed and maintaining an ongoing dialogue appropriate to each stakeholder and in consideration of the concern at hand. Those charged with stakeholder liaisons are also provided advice and support within the company whenever needed.

Case Study: Stakeholder Relationship Management (SRM+)

To support our depots in implementing their societal approach, the Stakeholder Relationship Management (SRM+) methodology was deployed to engage with their stakeholders and coming up with a defined action plans. The aim of the engagements was to create buying and social license to operate from the stakeholders.

Through the SRM+ approach, our depots in Nairobi, Mombasa and Kisumu were able to analyze TMK societal context and as well as the expectations of our stakeholders through the different steps included in the methodology such as stakeholder mapping, internal diagnosis, actual stakeholder consultations, gap analysis and the development of the action plan. Across the depots, time boxed action plans were developed based on a prioritizing criterion and thereafter assigned to the teams responsible for implementing them, with precise timelines and performance objectives.

> **“Stakeholders’ engagements are designed to develop a long-term, trust-based relationship founded on principles of respect, attentiveness, constructive dialogue, proactive engagement, and transparency, consistent with the legitimate need for confidentiality as appropriate.”**

Below is a summary of interactions with our stakeholders in 2023:

Stakeholder	Why we engage	Engagement Channels	Frequency
Customers	• Customer satisfaction • Customer experience and engagement • Quality products, services, and solutions	• Social Media • Customer Satisfaction surveys • Customer service week • Customer events • Emails • In-person engagement • Complaint handling mechanism	Daily
Service providers (suppliers, contractors, transporters)	• Active player in local economy • Communication Policies on health and safety, human rights, and anti-corruption • Promote sustainable and responsible sourcing practices	• Seminars & workshops • Audits • Supplier evaluations • Questionnaires & surveys • Supplier code of conduct • Emails • On-boarding program • Dealers conference	Regularly
Employees	• Job security • Equitable compensation and comprehensive benefits • Safe working conditions • Develop skillsets • Employee engagement and development	• Emails • Questionnaires • Employee satisfaction survey • Employee grievance handling procedures • Internal platforms • Performance appraisals • Regular dialogue sessions and forums with senior management • Capacity building and development	Daily
Government and Regulators	• Compliance with all relevant laws and regulations • Thought leadership and innovation • Partnerships and associations • Maintaining confidence in our management capacity and performance • Sustainable relationships • Management of stakeholders' concerns regarding: HSE impacts Traffic nuisances Other nuisances	• Emails • Reports • Legal forums • Compliance and Statutory reporting • One-on-one engagements • Courtesy call meetings • Scheduled meetings through our membership associations	Regularly
Neighboring communities (depots, industrial areas, civil societies, and business partners)	• Road safety • Economic empowerment • Local employment • Environmental Stewardship • Community development wand outreach	• Sponsorships & partnerships • Community engagement events • Seminars • Social media • CSR donations • Publication of articles in industry magazines	Regularly
Board directors	• Strategic planning • Financial performance and reporting • Risk management and mitigation strategies • Compliance with legal and regulatory requirements • Board governance and oversight of management • Growth in revenue and profitability	• Annual general meetings (Shareholders and CMA) • Financial reports/CSR reports • Company Registrar – Dividend payments, shares registrar etc) • Notices, emails, and presentations • Website updates • Engagements events	Quarterly

Materiality Assessment Process

We conduct periodic materiality assessments to identify areas where TMK has the greatest impact on society and the environment, and which impacts are most important to our business success. The assessment helps prioritize ESG topics that enrich value creation for our stakeholders and cultivate positive societal and environmental impacts. While our priorities may not change greatly from year to year, we assess the material topics to inform our ESG strategy, identify potential risks and opportunities and enhance our stakeholder engagement.

Our 2023 materiality assessment involved thorough desktop research on possible material topics alongside deep dive sessions with management as well carrying out a survey with internal and external stakeholders. External stakeholders included business partners, suppliers, customers, and local community representatives. Internally, the assessment and the survey involved senior management, departmental heads, sustainability champions and a cross section of employee representatives.

TMK's materiality assessment factored in sustainability best practices within the downstream industry, emerging trends, including the impact of climate change and regulatory frameworks. The process of identifying material topics was guided by the GRI 2021 standards, with a particular consideration to the GRI 11: Oil and Gas 2021 Sector standard.

Snapshot of our materiality assessment process

01

IDENTIFY ESG ISSUES

- **Key sector issues**
- **Global sustainability trends**

02

IDENTIFICATION OF STAKEHOLDERS

- **Internal stakeholders**
- **External stakeholders**

03

GATHERING STAKEHOLDERS PERSPECTIVE

- **Allocate projects resources**
- **Manage projects resources**
- **Build the products or process**
- **Meet often and fix issues as they arise**

04

PRIORITIZATION OF TOPICS

- **Internal issues prioritization**
- **External issues prioritization**

05

IDENTIFY THE MATERIAL TOPICS

- **Group all the material topics into four TotalEnergies Global Pillars**

> **"We conduct periodic materiality assessments to identify areas where TMK has the greatest impact on society and the environment, and which impacts are most important to our business success. The assessment helps prioritize ESG topics that enrich value creation for our stakeholders and cultivate positive societal and environmental impacts."**

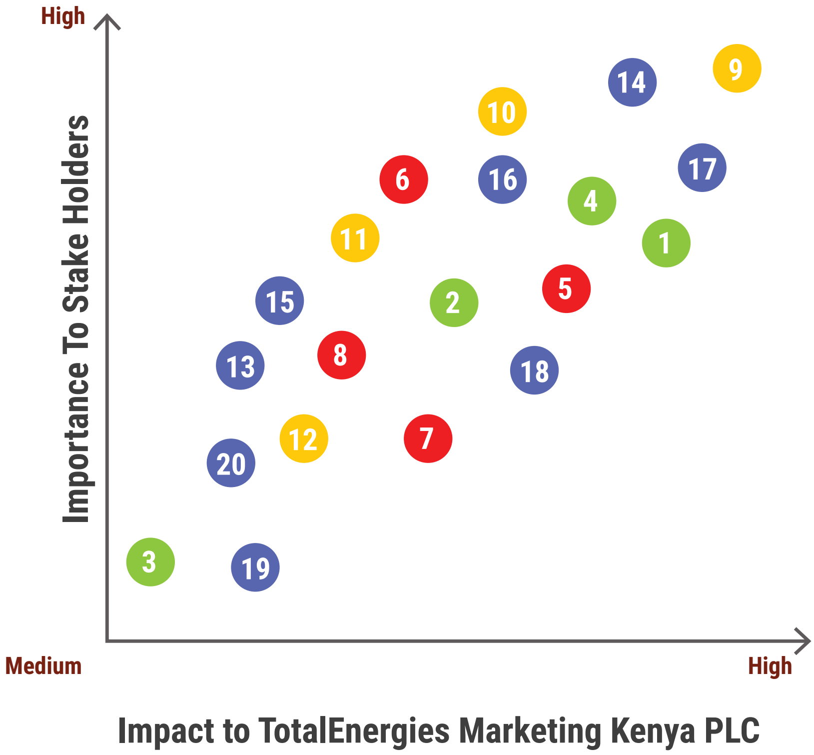
Identifying ESG Topics

Based on this analysis, we identified 20 material topics that hold paramount importance for both our company and our stakeholders, categorizing them under the four TotalEnergies Global Pillars: Climate and Sustainable Energy, Acting for the Well-being, Care for the Environment, and Having a Positive Impact for Stakeholders as illustrated below.

Material Topic	Material Topic Sub-themes	Related SDGs
Climate and Sustainable Energy	• **Reducing GHG (greenhouse gas) emissions** • **Low Carbon Transition** • **Support our Industrial and Commercial Customers in Decarbonizing their operations** • **Accessible and Affordable Energy for All**	
Acting for the Well-Being of Employees	• **Ensuring People's Safety** • **Respecting Human Rights and security** • **Transforming with our People** • **Diversity, equity, and inclusion**	
Care for the Environment	• **Promoting Biodiversity** • **Waste management** • **Conserving water resources** • **Circular Resource Management**	
Having a Positive Impact for Stakeholders	• **Social and community welfare development** • **Product Safety** • **Anti-competitive behavior** • **Tax payment to Government** • **Anti-Corruption** • **Data Privacy and Cybersecurity** • **Sustainable Supply Chains** • **Innovation**	

Materiality Matrix

The material topics were presented on the materiality matrix below based on their importance to stakeholders and impact to business from an economic, environmental, and social perspective. The materiality assessment process aided TMK to be able to focus on the most significant topics considering impacts to business as well as the influence on the stakeholders resulting to a "win-win" scenario. The materiality assessment process resulted into the definition of TMK sustainability challenges and opportunities that serve both the business and society.



Materiality Topics

1. Reducing greenhouse gas emissions
2. Support our Industrial and commercial customers in decarbonizing their operations
3. Low Carbon Transition
4. Accessible and affordable Energy for all
5. Promoting Biodiversity
6. Waste management
7. Conservative water resources
8. Circular Resources Management
9. Ensuring people's safety
10. Respecting Human Rights and Security
11. Transforming with our people
12. Diversity,equity and inclusion
13. Social and community welfare development
14. Product Safety
15. Anti-competititve behaviour
16. Tax payment to government
17. Anti-corruption
18. Sustainable Supply chains
19. Data Privacy and Cybersecurity
20. Innovation

Climate and sustainable energy | Care for the environment | Acting for well being of employees | Having a positive impact for stakeholders

Pillar 1

CLIMATE AND SUSTAINABLE ENERGY

Climate change is a pressing global challenge and necessitates a collective effort of all stakeholders. We support the goals of the 2015 Paris Agreement, namely, to hold the increase in the global average temperature to well below 2°C and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

TotalEnergies is committed to being a responsible energy leader transitioning to a sustainable future. To achieve our ambition of getting to net zero by 2050, together with society, we are taking steps to substantially reduce emissions from our operated facilities and reduce emissions associated with the use of our products. We are also helping our customers to reduce their emissions with our customized industrial solutions.

TMK is committed to progressively reduce greenhouse gas (GHG) emissions from its operations through various initiatives to manage climate-related risks while supporting global efforts to mitigate the impacts of climate change. In 2023, we continued with our journey towards achieving our target of net zero GHG emissions associated with our operations.

Identification of climate-related risks and opportunities

The risks posed by climate change are included among the risks analyzed by TotalEnergies. TotalEnergies ranks its risks by type and gravity. Guided by the group, TMK aims to address pertinent climate change-related risks and build resilience while seizing opportunities presented by a low carbon future. To deliver on our climate ambitions, we rely on robust carbon footprint accounting, regular analysis of climate change- related risk and opportunities and having ambitious mitigation targets for our operations. Based on the taskforce on climate related financial disclosure, TotalEnergies has provided its affiliates with the mapping of its climate related risk as represented below. TMK will undertake its localized climate related risk assessment in 2024.

Climate related risks

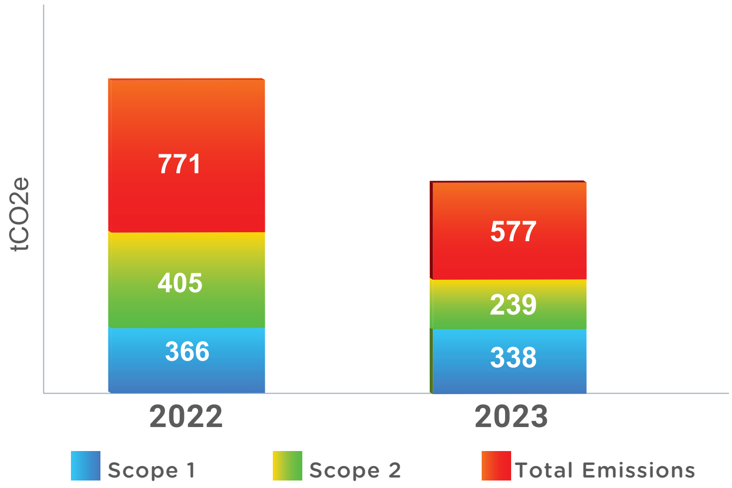
	Transition risks				Physical risks	
	Policy and legal risks	Technology risk	Market risk	Reputation risk	Acute risk	Chronic risk
Pace of the energy transition deployment, Evolution of the demand	✓	✓	✓			
Financing of oil and gas reserve Operational risk related to the effects of climate change and extreme events	✓		✓		✓	
Risk of legal project	✓	✓		✓		
Reputational risk						✓
Risk related to skill management and change in jobs		✓	✓			

REDUCING OUR GREENHOUSE GAS EMISSIONS

TotalEnergies is committed to lowering its carbon footprint from energy production, processing, and delivery to our customers. First, the Company is executing an ambitious action plan to reduce the greenhouse gas emissions for which we are directly responsible (Scope 1+2 emissions at our operated assets). Although the speed of the transition will depend on the pace of change in Government policies, consumer behaviors and corresponding demand, as TotalEnergies we have embraced the need to offer our customers affordable, less carbon-intensive energy products, and support our partners and suppliers with their own low-carbon strategies.

At TMK we continued to reduce scope 1 and scope 2 carbon emissions in line with the TotalEnergies ambitions and further progressed on our path toward carbon neutrality in our direct operations with an increased focus on delivering efficiency gains. We calculate our carbon footprint annually, accounting for all emissions generated across our value chain. We seek to improve the environmental performance of our direct operations where the overall scope 1 & 2 GHG emissions in year 2023 were 577 tCO2e representing a 25% reduction from 771 tCO2e in 2022.

TMK CARBON EMISSIONS



Reduction of GHG emissions

By -25%

Measures taken to achieve reduction of our Emissions

Energy Efficiency

We regularly perform energy audits biannually to assess our consumption patterns and verify the proper utilization of energy. Following the recommendations outlined in these audits, we have successfully implemented all suggested measures. Leveraging on automation, we aim to replace traditional switches, enhancing efficiency and aligning with best practices.

Lighting

We are actively optimizing energy efficiency across our operations. We have introduced LED lighting across all our operations, replacing halogens with a 150-watt LED variant, resulting in a significant reduction in energy consumption. All our operations have transitioned to LED, lighting including our network stations. We have introduced skylights in select warehouses and implementing smart lighting with occupancy sensors across our Headoffice and planned for wider rollout throughout our operations. In looking ahead to 2024, we are set to pilot solar streetlights equipped with motion sensors in select warehouses further reducing our environmental footprint.

Equipment energy optimization

In our depots, we have implemented energy efficient operations through the main initiatives on Variable Frequency Drives (VFDs) for pumps, conveyor Belts and compressors. We have replaced power-intensive pumps, with VFD-powered systems that smartly manage starting currents by regulating both frequency and inrush currents, leading to a smoother, controlled pump startup and reduced energy consumption. Similarly, our conveyor belts have been upgraded with VFDs, boosting operational efficiency, and further lowering energy use. In addition to that, we are replacing fuel powered forklifts with LPG and electric powered ones in our depots. By adopting this technology, we are achieving a double win of improved operational efficiency alongside significant energy cost savings.

Energy Efficiency Measures	No. of facilities installed
LED lighting	Head office
Smart Lighting/Sensors	Head office
Sky lighting sheets	All Warehouses
Variable Frequency Drive (VFD)	Nairobi LPG/LOBP
LPG and electric forklifts	NLW/Kisumu/LOBP

By implementing these initiatives, we achieved a notable 10% reduction in electricity consumption across our facilities in 2023. This translates to a decrease from 2,507 MWh in 2022 to 2,236 MWh in 2023.

Renewable Energy

We are committed to advancing sustainable solutions and minimizing our environmental impact. A key stride in this endeavor involves leveraging the potential of clean energy using solar energy. Our dedicated efforts are focused on expanding our usage of solar power within our operations as well as within our network. The goal is to power a significant portion of our operations with solar energy.

We have installed solar panels with a total capacity of 104KWp in our own facilities that contributes to an estimated saving of carbon emission of over 80.21 tCo_2e and delivered electricity cost savings since installation.

The table below shows a breakdown of our on-site solar power plants.

Name of Depot/ Facility	Installed capacity (KWp)	Year Installed
Kisumu Lubes Warehouse	19	2021
Lubricants Blending Plants (LOBP)	25	2022
Nairobi Lubes Warehouse	17	2022
Regal Plaza (Head Office)	43	2023

Solarization at our service stations

TMK has been actively solarizing our service stations as part of our efforts towards reducing GHG emissions. Notably, we have increased the number of solarized stations by five resulting to a total of 148 stations solarized to date and we target to have 100% solar installations in our entire network of service stations.

Solar panels installed at our service station

Total of

148

stations solarized to date and we target to have 100% solar installations in our entire network of service stations

LOW CARBON ENERGY TRANSITION

TotalEnergies through the multi-energy offer is already positioning itself to meet the energy needs of the future by diversifying its energy mix. The Company is reducing the proportion of its oil products and strengthening its position in gas, a transitional energy, and electricity as we continue to supply the energy that the world needs today and at the same time accelerating the transition to a low-carbon energy supply scenario.

As a company, we are undergoing a transformation to become a major player in the energy transition. We are developing new low carbon energies (Biofuels, Biomass, Solar and E-mobility), while continuing to supply the energy needs of our customers. The challenge posed by the energy transition is to move as quickly as possible from the current energy system (which is more than 80% based on fossil fuels) to a decarbonized system.

For us at TMK, it means continuing to supply our customers with the energy they need now, while accelerating our innovations and investments in the low-carbon energies that will dominate in the future. This requires us to invest in both the now and the future energy systems simultaneously and strike the right balance to ensure a just transition which is consistent with our commitment to build a multi-energy company.

Case studies: Low Carbon Energy Initiatives

a) E- Mobility partners

TMK is at the forefront accelerating the transition towards a sustainable transportation future through EV mobility. As a pioneering force in the industry, we have established strategic partnerships with three leading e-mobility players namely Ampersand, Roam and Arc Ride. Leveraging our network of service stations, we have opened 13 EV sites in 2023 as compared to 3 sites in 2022 providing convenient access to battery charging and swapping points to electric motorbikes customers.

Ampersand EV charging unit

Roam EV charging unit

Arc Ride EV charging unit

b) Launch of EV charging units

Road transportation is the sector with the widest range of decarbonization solutions. The Company is pursuing a strategy of being recognized as a leader in electric mobility focusing on deployment of charging infrastructure. In the year, we launched the first of EV charging points at our Nairobi service station attesting to our pioneer spirit in providing low carbon solutions in the Kenyan market.

EV charging point at Gigiri service station -16th June 2023

c) LPG- EasyGas delivery solution

Access to clean energy, especially for cooking, is a prerequisite for unlocking economic and social progress. Globally, 2.3 Billion people do not have access to clean energy for cooking according to International Energy Agency. In Kenya, this translates to approximately 35 Millon people who rely on traditional cooking fuels primarily firewood according to Kenya National Bureau of Statistics 2022 (KNBS). Transitioning from wood and charcoal to Liquefied Petroleum Gas (LPG) offers a powerful “clean cooking” solution with far-reaching benefits on people’s health, the environment, and the economy.

Compared to traditional options like charcoal, LPG offers a significant efficiency boost, reducing cooking time and CO2 emissions. This translates directly to improved air quality, with demonstrably lowerrisks of respiratory and cardiovascular illnesses. Furthermore, by eliminating the need for firewood collection, LPG empowers women through increased time for education, employment, or entrepreneurship, ultimately fostering financial independence. The environmental benefits are equally compelling, as LPG use mitigates deforestation and promotes sustainable resource management.

In December 2022, we launched the EasyGas App solution. It's a home delivery mobile application that provides customers with a convenient and easy-to-use platform to order LPG cylinder refills or LPG accessories for their home. This is a significant step towards enhancing accessibility, safety, proximity and convenience for families coupled with our strong brand image of trusted, safe and reliable gas.

SUPPORT OUR INDUSTRIAL AND COMMERCIAL CUSTOMERS IN DECARBONIZING THEIR OPERATIONS

As we target to become a producer of renewable energy power, biogas and biofuels, a supplier of natural gas and electricity and a leader in electric mobility, we will also help our customers reduce their energy use with our customized solutions for our industrial customers.

We aim to provide integrated energy solutions to help companies reduce their carbon emissions. This will require bringing together expertise from across TMK and from our partners to deliver bespoke responses. To help meet industrial scale demand for low-carbon energy sources, we are fostering collaboration across our businesses and trading partners to secure access to the energy supply. We target to decarbonize sectors with significant emissions and offer decarbonized solutions empowering them to transition to a lower-carbon future.

Case Study: Biofuel Pilot at TMK

Demonstrating a pioneering spirit, TMK became the first Oil Marketing Company (OMC) in Kenya to pilot the use of biodiesel. This initiative, undertaken in collaboration with key partners, represents a significant step towards a more sustainable transportation sector.

A pilot program, with Biodiesel B100 blend was launched on May 12th, 2023, that utilized FAME (Fatty Acid Methyl Ester) biodiesel derived from oilseed crops and used cooking oil. TMK, Dikus (transporter), and Giloil Ltd engaged in collaboration to the successful pilot launch. Giloil provided B100 biodiesel, which was then blended to the B1 ratio for the project and Dikus, our Transporters deployed his truck for the project. Dikus's truck is being closely monitored to evaluate the performance impact of biodiesel use.

The success of this pilot at this stage holds promises for the wider adoption of biodiesel, paving the way for a more sustainable future.

MD Dikus Transporters, MD TotalEnergies Marketing Kenya PLC & MD Giloil participate in the filling of biodiesel into the pilot truck

Key statements

" Biodiesel helps reduce greenhouse gas emissions from transportation by at least 50%, and has no negative impact in the acceleration, braking and safe driving aspects of the vehicle," stated MD Giloil.

"Climate change remains an integral part of the TotalEnergies strategy, and we will continue to identify and offer biofuel solutions in the Kenyan market, as a responsible energy major," reiterated MD TotalEnergies Marketing Kenya PLC.

ACCESSIBLE AND AFFORDABLE ENERGY FOR ALL

Universal access to clean energy is one of the main aims of the United Nations Sustainable Development Goals (SDG 7). TotalEnergies' mission is to deliver energy that is more available, more affordable, cleaner and accessible to everyone.

Globally, 675 million people worldwide do not have access to energy (Source World bank 2023). Recognizing this critical need, TotalEnergies is an active participant in Kenya's off-grid access to energy market. Through TotalEnergies Access to Energy our mission is to bring energy to people without access by developing and marketing solar products, with a focus in empowering women and youth. TotalEnergies ambitious goal is to positively impact 25 million people by 2025 according to TotalEnergies off grid solar solutions (TEOSS).

Case study: Access to Energy program

In Kenya, Access to Energy program was launched in 2011 and has impacted positively the life of more than 2.6 million people with the sale of over 522,000 solar lanterns sold to people who do not have access to electricity or power grid by offering cost-effective lighting solutions.

We have been involved in the distribution and sales of solar lanterns, through our wide network of service stations and Maskanis. The Maskanis are branded containers conveniently located closer to residential areas, for easy access to a range of products like LPG, lubricants, and solar lanterns. Additionally, this last-mile solution brings clean energy and economic opportunity to communities.

Notabily in the remote villages of Ndikir and Loglogo in Marsabit County we installed kiosks equipped for solar power, enabling features like phone charging, TVs, and refrigerated products. Managed by local youth, these kiosks serve as both a business hub and a social center, promoting economic empowerment and community development.

Sunshine Solar Kiosk enables remote communities in Ndikir to watch World Cup match and foster intercommunal peace.

Pillar 2

ACTING FOR THE WELL-BEING OF EMPLOYEES

Being a responsible energy company also means contributing to the well-being of those who live on our planet. That ambition applies first and foremost to our employees, whose skills and commitment are the primary factors driving our long-term performance. If our transformation into a multi-energy company is to succeed, it must be aligned with a just transition for our employees and partners.

Accordingly, TMK aims to be a model employer and a responsible operator, and for that purpose we draw on the principles at the heart of our business model and our Code of Conduct, which applies to all our operations, especially safety and respect for Human rights.

ENSURING PEOPLE'S SAFETY

Safety is not just a priority at TMK; it is a core value that we uphold without compromise for any reason. It is our collective duty to ensure the safe return of all our employees at the end of their workday, as emphasized in our safety credo: **"Safety for Me, For You, For All."** Our commitment to achieving the "zero fatalities" goal propels us to continually enhance our safety processes.

Guiding our safety efforts are; The ONE Management and Expectation Standards Towards Robust Operations (MAESTRO), TotalEnergies Global HSE management system framework, our Health, Safety, Environment, our 12 Golden Rules and Quality policy. These guidelines, rooted in industry best practices and our extensive experience and serve as a blueprint for implementing safety measures across all our operations.

One MAESTRO, Our HSE Management System

TMK has established a set of standards shared by all our business sectors the One MAESTRO. 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.

These standards 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:*

Our Lives First Program

Our lives first; a zero fatal accidents program implements three types of safe actions at all sites operated by the company, namely, lifesaving checks, joint safety tours and safety green light. In 2023 we conducted 48 joint safety tours with our senior management and contractors to engage with employees on their day-to-day work safety and identify areas of improvement.

Line managers play a crucial role in executing lifesaving checks, meticulously going through safety checklists before commencing work particularly for tasks involving work at height, work on powered systems, hot work, lifting operations, and work in confined spaces. This ensures that work is executed correctly and in strict compliance with safety rules.

Additionally, the team leads issues the safety green light after ensuring that team members fully comprehend the risks associated with their tasks. This involves going through a ritual of questions and signing off the work permit by each team member. This multi-faceted approach underscores our commitment to prioritizing safety across our operations.

> **"Our lives first; a zero fatal accidents program implements three types of safe actions at all sites operated by the company, namely, lifesaving checks, joint safety tours and safety green light."**

The 12 Golden Rules at work

The 12 Golden Rules for Safety at Work are a key tool for achieving our safety objectives, propelling us towards the efficient and effective management of daily workplace risks. We consistently update these rules based on feedback and insights gained from past incidents. The rules apply to all employees and contractors across our facilities.

Our workforce has successfully mastered the 12 Golden Rules through continuous training, aided by memorable iconic gestures and signs displayed across our facilities. Each one of us has a duty to intervene as soon as a situation seems dangerous and whenever the Golden Rules are not implemented. We encourage our employees to utilize the "Stop Card" even when in doubt and without fear of reprisal. This card empowers them to stop work if the situation is deemed unsafe, thereby preventing accidents and safeguarding lives.

TotalEnergies

FOR ME, FOR YOU, FOR ALL
SAFETY
TotalEnergies

Incident Reporting and Tracking

TMK classifies safety incidents into First aid, Minor, Serious, Very Serious, Catastrophic, and Disastrous. The company's Health, Environment, Safety, and Quality (HSEQ) committee is tasked to oversee the well-being of injured employees and files monthly reports on incidents and injuries from companywide locations in a software system which is instrumental in tracking and identifying incident and injury trends.

At TMK, safety is our top priority. We expect all employees to report any incidents or injuries at work promptly. To cultivate a culture of safety, we share safety moments during daily morning meetings and encourage employees to report near misses. Tracking near misses as part of employee KPIs (Key Performance Indicators) further reinforces our commitment to proactive safety. In 2023, stakeholders including employees, contractors, and transporters, reported 588 near misses. This fosters a culture of safety providing valuable data to prevent accidents and create a safer work environment. To further incentivize safety awareness, employees participate in monthly HSE quizzes, recognising an award for top scorers.

TMK consistently measures the safety performance using the Total Recordable Incident Rate (TRIR) safety metrics developed by the Occupational Safety and Health Administration (OSHA). Notably, TMK is pleased to report zero fatalities in 2023. This achievement underscores our unwavering commitment to safety as evidenced by our consistently low TRIR data.

Standards and Compliance

Our personal safety standards comply with, and in many cases, exceed local regulations. Strict adherence to processes and procedures and comprehensive training programs are integral to our safety culture. In 2023, we successfully conducted 34 safety training sessions, with over 300 employees in attendance across our facilities. We also conducted our annual medical surveillance to check for occupational disease as outlined in the company's HSEQ policy, recording zero cases of occupational diseases. Additionally, we require our employees and contractors to wear Personal Protective Equipment (PPE) while on duty part of Industrial Hygiene program, responsible for health risk assessments.

TMK undergoes annual OSHA and fire safety audits, essential for the company's annual licensing. We also performed our annual internal surveillance on ISO 9001 and ISO 14001 to ensure our processes continually meet the set-out standards. Additionally, in 2023, we conducted our annual statutory environmental audits which included air quality, environmental audits, and the quarterly effluent discharge analysis.

RESPECTING HUMAN RIGHTS AND SECURITY

Respect for each other is the cornerstone of our collective principles and our way of demonstrating exemplary conduct. Respect for each other is respect for human rights. Respect is a corporate value to TMK, and we are uncompromising when it comes to matters human rights within our operations. All of us are required, collectively and individually, to uphold human rights. We act in three main areas:

Human Rights In The Workplace

We take the necessary steps to ensure decent working conditions not only at our own sites, but also those of our high-risk suppliers. This includes a prohibition on forced labor and child labor, a commitment to non-discrimination and freedom of association, and a guarantee that any grievances that arise can be reported to TMK human resource staff.

Additionally, we require our suppliers are required to comply with the Fundamental Principles of Purchasing derived from our code of conduct. This ensures ethical practices throughout our supply chain. Furthermore, we emphasize compliance with human rights standards, particularly regarding their employees and suppliers working conditions. To maintain accountability and foster continuous improvement, our suppliers agree to undergo regular audits to assess their compliance with these principles for continuous improvement.

Human Rights and Local Communities

We identify, prevent, and remedy any negative impact of our activities on local communities, such as noise and odor pollution among others. TMK has established mechanisms for registering complaints, and we maintain an ongoing dialogue with local stakeholders and where necessary enlisting the help of experts as needed.

Human Rights and Security

TMK ensures that security providers or government forces, such as the army or police, protecting our employees and facilities are adequately trained, and promptly report any incident that occurs to the management. Failure to comply with these principles, as dictated by the legislation governing our activities and our company rules, can result in legal and disciplinary sanctions or both. Notably in the year, TMK implemented Voluntary Principles of Security and Human Rights (VPSHR) training. This training engaged 275 personnel, including the senior management, station dealers and team coaches and our security firm representatives.

TRANSFORMING WITH OUR PEOPLE

The transformation we are undertaking to become a multi-energy company and achieve our ambition of carbon neutrality by 2050, is meant to be a just transition for our employees. Their engagement and skills are the main drivers of our long-term performance. Promoting their well-being as well as an environment that encourages development of everyone's potential is essential to achieving this transition while leaving no one behind.

TotalEnergies Better Together program is central to TMK. Our people ambition is putting each individual's professional development at the heart of our Company's performance to respond to the challenges of the energy transition and achieve our goal of becoming carbon neutral by 2050. This is also the opportunity for us all to build a common culture as a multi-energy company, in a positive and inclusive environment. This ambition ensures the development of our people who are our greatest asset matches our business ambition. It aims to attract and develop our talents, promote a management style that can make the most of our knowledge and expertise and pass on our values that makes TMK a good place to work together.

Attracting and Developing Talent

Better together program gives our employees a chance to take charge of their careers through an individual career plan that considers their aspirations, skills, performance, and potential. Our managers and talent developers support employees in creating a personalized training plan based on regularly updated training resources. TMK has two talent developers responsible for overseeing the development of between 150-180 staff members each. Moreover, we have a regional talent developer overseeing managerial positions in Kenya, Tanzania, and Zimbabwe, as well as a central talent developer for management committee positions across 15 African countries. As part of our commitment to employee development, we conduct annual individual career reviews and employee assessments. These reviews help us identify areas where their skills and experience can be leveraged within the company guiding our staff mobility decisions at the end of each year.

Promoting The Manager Coach

Standing together makes us Better Together. At TMK, Managers act as coaches for everyone in their team, with the aim of helping each team member to achieve their goals and foster team spirit to spur performance and collective success. We help Managers hone their management skills throughout their careers, especially when the level of management responsibility changes, either through mentorship or external coaching. Additionally, Managers take e-courses focused on providing constructive feedback, recognizing the importance of feedback in enhancing work performance. The program's effectiveness is assessed through the evaluation of managers against the targets set at the start of each year.

Building A Good Place to Work

We strive to ensure that our employees enjoy a caring and good-quality work environment in terms of safety, health, and work-life balance. TMK offices features open and collaborative spaces with facilities that contribute to employee's welfare and at the same time enhancing the productivity of our employees. In 2023, we introduced "Green Fridays" where employees are freed from attending meetings every fortnight so they can step back and focus on individual projects and e-learning. As One TotalEnergies, we encourage work-life harmony by offering employees opportunities to have fun together, through family events and meaningful citizenship initiatives that contribute to the community.

Additionally, we have been actively working to integrate persons with disabilities into our team. To facilitate this inclusion, we have installed lifts for easy access at our head office and renovated our washrooms to cater to their needs. We are committed to ensuring all our other operational sites are accessible and inclusive for people with disabilities.

Trainings

People Drive the business Strategy and we are committed to supporting the skills development of our employees. TMK offers a variety of job-related training throughout the year, including in-house, external, and virtual seminars and workshops. Each employee is allocated 5 training days annually, relevant to their position and career development path. In 2023, the average number of training hours per employee stood at 6.9 days or 55.2 hours against a group target of 5 days or 40 hours. Notably, In the year, we continued with "Visa for TotalEnergies", an upskilling program designed to prepare all employees for the transformation of the company in a decarbonized energy future.

Care Program

The Care program at TotalEnergies reflects our intention to make TotalEnergies a company that is a good place to work together. We believe that employees' well-being is a key factor in our performance and attractiveness. This program increases our social commitments and establishes us as a responsible company for all our employees by promoting high standards. The various initiatives that focus on our employee's welfare has resulted into low employee turnover, with the rate in 2023 being less than 3%, and an impressive average employee tenure of 12.5 years.

During the year, the program focused on the initiatives as covered by the table below.

Health **Preserve the physical and mental health of all our employees**	**TMK offers comprehensive medical coverage (in and outpatient) for all employees, including dental care, psychiatric support, and our mandatory biennial comprehensive wellness checkup.** **Through partnership with a mental health provider, TMK provides employees with access to mental assessment tools. These tools help them to undergo stress tests, sleep tests, and pressure tests. Based on the results, employees can engage in online counseling sessions or can opt for in-person consultations with a counselor.** **Additionally, we offered a fitness and recreational package featuring a Football club in Nairobi and Mombasa, bi-weekly Aerobics and Zumba sessions at a sports club and club memberships for middle and senior management.**
Social protection **Ensure a living wage and quality social protection for all our employees**	**Our remuneration is guided by a salary structure that we continuously update based on market salary surveys to guarantee competitive remuneration for our staff, thus ensuring our organization remains an appealing workplace. Additionally, TMK offers a WIBA plus cover to insure employees against personal accidents, a group life cover along with an evacuation cover.** **We actively contribute to our employees' pension schemes. In addition, we have implemented an employee shareholding plan, providing them with an opportunity to acquire company shares.**
Family sphere **Give our employees the opportunity to take care of their families**	**TMK guarantees annual leave, a minimum of 12 weeks of childcare leave for the primary parent and two weeks for the secondary parent with 100% retention of their basic salary. In 2023, 10 male and 3 female employees took parental leave and returned to work. Additionally, our offices are equipped with a fully furnished lactation room to support the needs of new mothers.**

DIVERSITY, EQUITY, AND INCLUSION

TMK is committed to building an organizational culture that values diversity, promotes equity and enables inclusion, ensuring that our workforce reflects the communities we serve. Diverse teams generate a sense of belonging, contributing to the overall satisfaction of employees thus fueling their motivation to be a positive force for the company. Our goal is to create an environment where every individual is encouraged and able to contribute, regardless of their role, level, or gender, as this is how innovation thrives, leading to better business outcomes.

The company's Human Resources team leads Diversity Equity and Inclusion (DEI), offering policies and guidelines for all operations in Kenya. This ensures the implementation of initiatives that align with the objectives outlined in TotalEnergies' global 2021-2025 diversity strategy.

TMK has met the one third gender rule with 37% of our workforce being women. This was due to the successful implementation of the "Promoting the Manager coach" program, a training initiative for managers aimed at equipping them with coaching and mentorship skills. These skills enable Managers to guide women into managerial roles, identify career growth opportunities for women and provide tailored training programs for women. Additionally, our success is attributed to proactive efforts in sourcing female candidates and promoting women internally.

Total Number of Employees	2023		2022	
	Male	Female	Male	Female
Permanent Employees	229	135	236	130
Total	364		366	
Temporary Employees (FTC/YGT)	7	12	9	11
Total	19		20	
New employee Hires	+5	+5	+5	+6
Total	10		11	
Executive leader-ship / Board	8	2	8	1
Total	10		9	
MANCOM	6	4	7	3
Total	10		10	

The launch of TWICE Kenya Chapter

In July 2023, TMK launched the TotalEnergies Women's Initiative for Communication and Exchange (TWICE) in Kenya, aimed at promoting a culture of women's empowerment and gender diversity within our workforce. During the launch, we had an inspirational talk by a renowned global leadership coach on how to overcome challenges, pursue our passions, and unleash our potential as women.

Following this, women at TMK organized a six-week book club dedicated to reading and discussing a book on the subject. We launched the Twice Orators Club (TOC) in November 2023, to support women at TMK in refining their public speaking abilities. TOC will serve as a nurturing space where women can receive valuable feedback from peers and seasoned speakers, thereby enhancing their confidence and communication skills.

Gender pay parity

TMK has made significant progress in achieving pay parity. Our salary structure serves as a guiding framework and is regularly updated based on market benchmarks to ensure our workforce is compensated within the appropriate market range. At TMK, we are firmly committed to achieving and maintaining equal pay for equal work. We believe that all employees, regardless of gender, deserve to be fairly compensated for their contributions. Further to this, 5.8% of employees are covered under the collective bargaining agreement (CBA).

Young Graduate Trainee Program

To create a more inclusive culture, TMK has been running the Young Graduate Trainee Program (YGTP) since 2014, recruiting candidates every 18 months. The program targets fresh university graduates from local universities. For the past ten years, TMK has successfully developed more than 40 young graduates through this initiative that runs for eighteen months. This includes six months of local experience and twelve months of international experience within our subsidiaries across Africa in one of the following domains: commercial, finance, legal & technical. We are pleased to report the successful integration of some trainees from the program, and more young graduates will be recruited in 2024

Case Study: Graduate Trainee Spotlight- Local opportunity

> **"To create a more inclusive culture, TMK has been running the Young Graduate Trainee Program (YGTP) since 2014, recruiting candidates every 18 months."**

My experience through this Journey

"I joined TotalEnergies as a management trainee in 2014. My journey has been nothing short of transformative. The program has provided me with a comprehensive understanding of the business. I started off within card center, moved to Tanzania for a year, took up the role of Shop Food and Services (SFS) executive, got promoted as the specialties Brand Executive and currently, I am the Category manager- Shops where I lead a vibrant team that manages bonjour shops".

Patience Wanjala

> As I reflect on my experience as a management trainee, I am grateful for the opportunities that TMK has afforded me and the skills that has been provided to me.

Case Study: Graduate Trainee Spotlight- International opportunity

My journey:

"TotalEnergies invited 120 students from different parts of the world to a week-long summer school in Paris, France, from 22nd to 27th June 2014. This was an occasion to learn about important topics and challenges facing the Company and the energy industry. I was a third-year university student when I applied to attend and was chosen to represent Kenya at the event.

The Total Summer program was a rewarding and memorable experience. As a student at the time, it was an amazing opportunity to get a glimpse of how the corporate world operates. I gained knowledge of the Company and the energy sector through presentations from industry experts and workshops, as well as appreciated how important diversity is for the Company through the networking events".

Career Growth and development in TotalEnergies (Finance, Commercial, Group etc)

"I was excited to join the Company a year later through the TotalEnergies Young Graduate program, drawing from my experience at the TotalEnergies summer school. The Young Graduate program is a one-and-a-half-year program that aims to immediately expose recent graduates to different roles and responsibilities in a professional environment. For the first six months of the program, I was attached to the Controlling section of the Finance team in Kenya and then transferred to the M&S Africa Strategy team at the Head Office in Paris, for one year. On completion of the program, I came back to Kenya and joined the Commercial team as a Territory manager, where I oversaw the operations of service stations, before moving to Finance as the Reporting supervisor in the controlling team. In 2021, I left the affiliate to join the Corporate Internal Control and Audit team in the Head Office in Paris, as a Corporate Internal Auditor within the Holding branch".

My experience through this Journey

"The Young Graduate program encourages you to explore different roles that match your interests and gives you great flexibility to discover different Company processes from the start. It is exciting, challenging as well as fast-paced and thanks to it, I have worked in different positions, branches and countries where the Company is present. The program made me more willing to accept roles that I would have previously ruled out. For example, taking up the role of Territory manager in the Commercial team having studied Finance or moving to France for the first time with a very basic level of French. An added bonus has been the chance to meet many incredible people along the way – former bosses and colleagues have since become mentors and friends over the years. I have enjoyed the journey so far and I look forward to seeing where it leads next. I highly recommend anyone who is considering joining the Young Graduate program to go for it! "

Christine Njiru

> As you progress, I also encourage you to be flexible to step out of your comfort zone and into roles that you may not have initially considered. It will benefit you greatly as there are many other opportunities it will prepare you for, enabling you to achieve your highest potential!

Case Study: TotalEnergies Professeurs Associés & Career Fair

TotalEnergies Professeurs Associés (TPA) is an independent non-profit association supported by TotalEnergies Foundation. Its objective is to promote relations between the world of energy and universities or colleges through technical, economic, scientific, legal, or marketing trainings by the expert professors The professors consist of working or retired TotalEnergies professionals who provide complimentary mentorship to local universities on various aspects of the energy industry. TMK have established partnerships with public universities in Kenya, including the University of Nairobi, Kenyatta University, and Jomo Kenyatta University of Agriculture and Technology with the aim of collaborating to the knowledge transfer on matters of energy.

In 2023, the professeurs delivered lectures in Kenyatta University, Jomo Kenyatta University, the French Chamber of Commerce, as well as to employees on the following topics:

- Climate change and energy transition
- CO_2 capture and storage: Its role for climate change mitigation including carbon pricing
- Environment management in Oil & Gas
- Sustainability of industrial processes
- Fundamentals of operational HSE & security

TPA
Sharing Experience

TotalEnergies Young Dealer Program

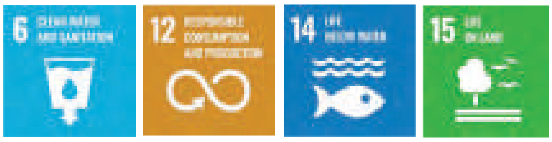
TotalEnergies young dealer program was launched in Africa over 60 years ago. We empower young people to become service station manager by financial backing to launch their business. Over 1,800 African young dealers are currently running service stations with support of TotalEnergies, both financial and through manpower support.

Case Study: Young Dealer Program

TMK under the TotalEnergies Young Dealer Program gives business opportunities to young Kenyans with capital support for station dealership while they gain the experience and stand-alone financial strength to stand on their own. The careers of service station staff chosen for this program are developed through training with the aim of becoming independent financial dealers over time, through disciplined savings of part of their profits, towards building their working capital. This model continues to produce business in our industry which was expanded in 2017 and will continue to receive our support as a way to invest in human capital in the local community.

"I would like to open a second service station. The Young Dealer Program is the opportunity to change ones' life". **Mr. Kamau the dealer at Westend service station**

Pillar 3
CARE FOR THE ENVIRONMENT



To meet society's current and future energy needs, we must do our part as responsible stewards of the environment we all share. We recognize that our business activities can impact the ecosystems and communities in which we operate in and that these potential impacts must be managed and mitigated. Caring for the environment is one of our ambitions. We are committed to minimizing our environmental impact through practices that helps in the conservation of the environment and natural resources.

Our approach is to reconcile the development of energy resources with the protection of biodiversity to build a sustainable future. We apply the mitigation hierarchy approach of avoidance, reduction, restoration, and compensation and implement environmental impact assessments for all our projects, and operations.

We recognize the importance of natural carbon sinks and ecosystems as mitigation and adaptation measures, and we are committed to using sustainable practices that protect and enhance these calculable resources.

PROMOTING BIODIVERSITY

Understanding the critical role that biodiversity plays in maintaining ecosystem balance and resilience, TMK integrated targeted initiatives to safeguard and enhance local biodiversity. We are actively engaged in promoting green spaces and enhancing the biodiversity within our operational footprint. Through strategic partnerships with local conservation organizations and initiatives, we aim to safeguard and restore ecosystems that may be affected by our activities. By prioritizing the protection of flora and fauna, we contribute to the overall health and resilience of local ecosystems.

Planting trees is one of the natural ways of sequestrating carbon out of the atmosphere to tackle the climate challenge. Through our Eco Challenge program, we actively engage in tree planting to increase the country's natural forest cover. This initiative is in line with Kenya Government initiative of increasing the forest cover to 30% by 2032. In the year, actively planted 30,220 trees across various sites in conjunction with various partners. We maintain ongoing communication with our partners to monitor and assess the progress and well-being of the planted trees.

The table below shows the number of trees planted in the last two reporting periods:

Areas	2023	2022
Mau Forest- Kenya Water Towers Agency	20,000	20,000
Karura Forest- Friends of Karura Community Forest Association	1,500	3,000
Majoreni Kwale County- Majoreni (Che Cha Kale) Community, Kenya Forest Services	7,000	7,000
Muthaiga Golf Club- UNEP	220	-
Kiambu Township Primary School	1,500	-
Seedlings planted at various events & ceremonies	-	287
Total	30,220	30,287

Case study: Mangrove Tree planting

Mangroves are a well-adapted plant species that grow in salty water wetlands. The mangroves are powerful carbon sinks sucking large amounts of carbon dioxide from air to store in their roots and branches helping to mitigate the effects of climate change. The trees store up to 10 times more carbon than forests.

Mangrove forests are extremely important to the coastal ecosystems providing a habitat for a diverse array of aquatic species, prevent erosion by waves and storms and plays an important role in filtering pollutants from the water. In TMK, we began planting mangrove trees in year 2021, along the coastal region at Majoreni, Kwale County. Accumulatively, we have planted 17,700 trees in collaboration with the local community-based organization and with staff participation in volunteering through our Action Program.

Tree Planting by TMK Depot staff and the Majoreni community In Kwale County along ocean coastal region

WASTE MANAGEMENT

TMK continues to demonstrate its unwavering commitment to environment with a strong emphasis on pollution prevention. As part of our HSEQ management, our goal is to prevent oil leaks and the release of harmful substances into the environment. We therefore focus on spill prevention and the identification and assessment of process safety risks, including preventive measures and maintenance to avoid leaks. In case of an incident, we have emergency response plans and clean-up and remediation procedures in place.

TMK is pleased to report an achievement of zero accidental spills in the year. This accomplishment underscores our rigorous safety protocols, stringent operational controls, and continuous commitment to minimizing the potential impact of our activities on the environment.

TMK upholds responsible waste disposal practices, ensuring all hazardous and non-hazardous waste is collected exclusively by NEMA licensed agents adhering to local waste management regulations.

	2023	2022
Hazardous waste (tons)	85	158
Non-hazardous waste (tons)	73	106
Total Waste (Tons)	158	264

Safe Waste Oil Disposal (SWOD)

Environmental protection is a key pillar of sustainability. Proper disposal of waste oil is necessary to ensure it does not find its way back to the environment. Through the Safe Waste Oil Disposal (SWOD) initiative a collaboration between PIEA Members and Bamburi Cement facilitates the collection and safe disposal of used waste oil from our service stations.

TMK has partnered with Bamburi Cement waste management division Geocycle, (NEMA-approved hazardous waste handler) to safely collect and dispose the used oil from service stations across the country. In the year, Geocycle collected 81,650 litres from our service stations.

CIRCULAR RESOURCE MANAGEMENT

At TMK, we aim to promote the recycling and repurposing of materials within our operations to minimize waste and reduce emissions. We are steadfast in our efforts to reduce the amount of waste generated, striving for efficiency and sustainability. Our commitment extends to the diligent recycling or beneficial reuse of materials wherever feasible, aligning with our dedication to minimizing environmental impact and promoting responsible resource management.

Identifying key sources of significant waste generation is integral to our circular resource management strategy. At TMK, we recognize that our operations contribute to the generation of substantial waste. To address this, we are actively exploring innovative approaches to minimize waste through collaboration with partners and implementing sustainable packaging practices, to reduce the overall environmental impact. Overall, our waste management initiatives are paying off considering the reduction of waste produced, plastic and electronic waste recycled and water conservation measures.

Plastic Recycling

In collaboration with Mr. Green Africa, we have extended our plastic waste collection points to 10 new sites at our service stations in 2023, a commendable increase from 2 sites in 2022. In 2023, a total of 38 tons of plastic waste were collected and recycled through our service stations, marking a substantial contribution to mitigating environmental impact. Looking forward, we aim to open more plastic collection points amplifying our efforts in combatting plastic pollution and in line with the extended producer responsibility rules and regulations provided by NEMA.

Case study: Mr. Green Africa Incentive Payout

TMK and Mr. Green Africa introduced a quarterly incentive program to motivate station staff to actively participate in consumer behavior change and encourage segregation of plastic waste management in their stations and surrounding neighborhoods. Station staff at Ngong Road, Gigiri, Waiyaki Way and Outering were recognized and rewarded in quarter four of 2023 for their performance.

Mr. Green plastic waste collection site at our service station

Electrics & Electronic Waste Recycling

Our commitment to electronic waste management is underscored by our partnership with the Waste Electrical and Electronic Equipment (WEEE) Centre in Kenya. Currently, three of our service stations, that is Gigiri, Nyali and Ngong Road service stations as well as our Head Office serve as electronic waste collection points. Through these efforts, we have successfully collected 0.5 tons of electronic waste in 2023. TMK aims to increase more electronic waste collection points at our service stations to minimize e-waste and promote responsible disposal.

Launch of a waste collection point at Headoffice

Sustainable Packaging

Case Study of Recycled Lubricant package

TotalEnergies lubricants ambition is to have 50% recycled plastic usage by 2030. This initiative aims to reduce the carbon footprint from its products. Our strategy for sustainable packaging spans the entire product lifecycle, including formulation, production, distribution, and packaging.

In 2023, TMK took a significant step towards environmental responsibility by introducing innovative lubricant packages manufactured from Post-Consumer Recycled (PCR) plastic. The new 20L lubricant packaging containers, developed in collaboration with Mr Green Africa and Blowplast Limited, leverage cutting-edge recycling technologies to meet stringent industry standards.

By embracing recycled plastic materials, TMK actively promotes circular economy while simultaneously reducing dependence on virgin plastic production. This eco-friendly packaging solution underscores our dedication of integrating recycled materials into the value chain and eliminates environment pollution.

TMK, Blowplast & Mr. Green during the launch of a recycled lubricant package

CONSERVING WATER RESOURCES

Water is a key resource that is used at our operated sites and TMK has made deliberate efforts to focus on water conservation. We champion efficient and responsible water management prioritizing environmental stewardship alongside business needs, for a sustainable future.

	2023	2022
Total water withdrawn (litres)	23,921,180	31,114,544

Case Study: Glug Water

TMK has partnered with Glug Africa Limited a partnership that seeks to provide clean, affordable drinking water to Ukunda residents located at our TotalEnergies Ukunda service station. The partner purifies salty water through a filtration system and this water treatment to provide clean quality drinking water. Through this innovation, the community is able to buy water at an affordable price and encouraged to repurpose their water containers hence reducing plastic waste.

TMK Commercial Network team visit at Glug purification site in Ukunda TotalEnergies service station

Rainwater Harvesting systems

Across our operations, 27 stations actively engage in rainwater harvesting, an initiative that bolster water conservation. The collected rainwater is recycled for non-potable purposes, such as car wash and other cleaning activities, thereby optimizing water usage and reducing our overall water footprint.

Automated water taps

TMK has further installed automated taps in Head office washrooms significantly reducing water use. We envision to extend these initiatives in our depots and service stations, further solidifying our commitment to water efficiency.

Pillar 4

HAVING A POSITIVE IMPACT FOR STAKEHOLDERS

TMK's commitment to sustainable long-term growth prioritizes shared value creation, ensuring our economic success benefits all stakeholders. As a company, we uphold a transparent, safe, and supportive work environment that promotes integrity, local social economic development, building ties with communities, social dialogue with all stakeholders and building sustainable supply chains.

PRODUCT SAFETY

At TMK, ensuring product safety is essential to safeguarding the well-being of consumers, employees, and the environment. TotalEnergies has defined the minimum requirements to be observed to market petroleum products worldwide, including risk identification and assessment inherent to these products and their use, as well as provision of information to consumers on our website. The material safety data sheets that accompany the products marketed by the Company and product labels are two key sources of information. The updates to safety data sheets and records are monitored, so that TMK remains compliant with the regulations. By prioritizing product safety, TMK upholds the responsibility to protect public health and environment while fostering brand trust within the petroleum industry and beyond.

ANTI-COMPETITIVE BEHAVIOR

As a responsible corporate entity, TMK places great importance on complying withanti-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.

TAX PAYMENT TO GOVERNMENT

TMK has adopted a comprehensive approach to transparent tax compliance and adherence to all applicable tax laws and regulations. Effective tax management aligned in alignment with our commercial activities is key cornerstone of supporting TMK's long-term business strategy. In 2023, TMK paid 37.5 billion in form of taxes, reaffirming our commitment to making valuable contribution to the development of Kenya's economy.

ANTI-CORRUPTION

During the year, the company's anti-corruption policies and procedures werecommunicated via emails and made accessible to everyone to ensure that all members of staff, board and management committee are aware. We also continuedto 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 integrityand 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.

Communication and training	2023	2022
Total number of people trained on TMK's anti-corruption policies and procedures are board members, employees, transporters, contractors, lubricant distributors and business partners	720 persons	379 persons
Total number of employees that have received training on anti-corruption	371 staff	368 staff

DATA PRIVACY AND CYBER SECURITY

The digitalization era has greatly enhanced transparency alongside ushering new emerging challenges. Cyberattacks present a growing threat to businesses across various sectors, potentially leading to information breaches, harm to a company's image and financial loss.

At TMK, we all have a role to play in protecting personal data. Our Personal Data Protection guideline serves as a framework for the best practices. TMK's approach begins with recognizing the breadth of personal data, including both identifiable information and more sensitive categories. Strictly adhering to the principles of data minimization, TMK collects and utilizes only necessary information for specified purposes with obtained consent, ensuring its accuracy. In promoting transparency, TMK informs individuals of the data processing activities and assures their rights are respected. Rigorous data security measures are enforced to prevent unauthorized access, utilizing available toolkits, and adhering to TMK's protocols. Regular data audits are done to ensure compliance with regulatory requirements and identify any risks in TMK's data handling processes.

SUSTAINABLE SUPPLY CHAINS

Sustainable business practices must be adopted at every point in the value chain to achieve the objective of creating a greener future for all. Procurement plays a crucial role in achieving this ambition, ensuring TMK collaborates with suppliers and subcontractors dedicated to sustainable development, conducting their activities in a socially, environmentally, and economically responsible manner.

In 2023, 204 suppliers and 35 TMK staff members attended the contractor seminar, providing a platform for feedback exchange and best practices on topics, including HSEQ, Compliance, Purchasing, Engineering and Finance. TMK's sustainability efforts are enhanced through diverse channels of contractor engagement, including supplier conferences, safety stand downs, KPI meetings and vendor evaluations as part of TMK's capacity building initiative, sustainable procurement training was conducted for the entire purchasing team to align with corporate sustainability goals, fostering an integrated approach to decision-making that enhances TMK's overall sustainability performance.

As a company committed to responsible business practices, we recognize the vital role our suppliers play in achieving our sustainability goals. During the contractor seminar we allocate a session for our suppliers to share their sustainability journeys building a sustainable supply chain essential for the long-term success of the business.

Suppliers' audits

TMK leverages independent third-party audits to provide a comprehensive assessment of the sustainability practices of our contracted suppliers. In accordance with applicable legislation and TotalEnergies Fundamental Purchasing Principles, the audits identify and address any gaps in human rights, environmental and climate management systems of TMK's suppliers. During the audit process, auditors conduct an opening meeting with the supplier's management, followed by a facility tour, employee interviews with their consent and document the findings which they share with the suppliers during the audit closure meeting where the findings are discussed in the presence of TMK's representatives. Following the audit, the supplier receives a summary of findings, along with a Corrective Action Plan or the Declaration of Passed Audit. To address any non-conformities identified during the audit, the supplier provides evidence of the implementation of corrective action.

Suppliers and human rights

TMK ensures its suppliers respect human rights at work. The suppliers are expected to implement effective policies and procedures allowing them to comply with and to ensure their own suppliers and subcontractors comply with applicable laws, as well as principles equivalent to those set forth in the Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact.

To achieve the above, the suppliers should ensure that they have policies that cover the following topics and ensure that the policies are communicated to all staff, suppliers, and sub-contractors.

- Prohibition and prevention of child labour
- Prohibition and prevention of forced labour
- Working conditions, remuneration and compensation
- Health and Safety at work
- Prohibition and prevention of discrimination and harassment at the workplace
- Grievances mechanism and concerns system in place
- Freedom of speech, association and collective bargaining, freedom of thought, conscience, and religion

SOCIAL AND COMMUNITY WELFARE DEVELOPMENT

We recognize the profound interconnectedness between our business success and the well-being of the communities we operate in. We are committed to fostering social and community welfare development through a multi-pronged approach that prioritizes TotalEnergies foundation pillars namely Inclusion and Education, Road Safety, Climate, Coastal Areas and Oceans and Cultural Dialogue and Heritage.

Our Company's rules establish CSR activity guidelines for TMK, ensuring investments in sustainable projects that benefit host communities, maintaining accountability as an exemplary operator in managing impacts related to our activities and setting a benchmark for promoting access to energy.

At TMK, we are committed to delivering progress to society and giving back to the communities we operate in, undertaking various impactful initiatives aimed at environmental conservation, community development and youth empowerment. Through strategic partnerships, we embarked on projects in 2023 that reflect our values and contribute to a sustainable future. Significantly, 73 of our employees actively participated in tree-planting and training riders on motorcycle maintenance, contributing an average of two volunteer hours each.

TMK 2023 Donation And Sponsorships

CSI Pillars	Institution	Details	Amount (KShs)
Biodiversity	Mau Forest tree-planting	Planting of 20,000 trees at Mau Forest Block 77, through the facilitation of Miti Hewa consultancy.	4,956,502
	Friends of Karura Forest Association Karura Forest tree planting	Planting of 1,500 trees at Karura Forest, Phase 3 to plant 4500 trees at the forest.	675,000
	Majoreni mangrove tree planting	Planted 7,000 trees at Majoreni, Kwale County in conjunction with the local community under the Eco Challenge program.	893,000
	Kiambu Township Primary - Tree planting	Planted 1,500 seedlings at Kiambu Township Primary School in Kiambu Town.	388,500
	World Environment Day (WED) Tree planting	In conjunction with UNEP, participated in a tree-planting exercise to mark WED at Muthaiga Golf Club.	42,000
	Rhino Ark Charitable Trust-Rhino Charge 2023	Fuel sponsorship of the Rhino Charge 2023, an offroad driving challenge organized 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.	1,211,477
Youth Inclusion and Education	Africa Extreme- Naro Moru Cycling Challenge	Support towards the Naro Moru Cycling Challenge aimed at raising funds for Safari Simbaz Trust that uses cycling to support children and youth from disadvantaged backgrounds.	500,000
	Rugby Clinics	Held rugby clinics at 3 public schools, to inspire the young players at the schools, namely Jamhuri High, Ofafa Jericho and Upper Hill. This was part of our local activation of the Rugby World Cup 2023 sponsorship.	715,712
Health	Standard Chartered Marathon 2023	Donated funds to the 2023 Standard Chartered Marathon in Nairobi, Mombasa & Kisumu. One of the objectives of the marathon is to raise funds for a charity called Future Makers.	318,000
		TOTAL	12,880,926

Rugby Clinics

TotalEnergies sponsored the 2023 Rugby World Cup held in France. As part of our local activation of the sponsorship, TMK held Rugby Clinics at 3 public high schools (Jamhuri, Ofafa Jericho and Upper Hill school), conducted by the legendary rugby icon Collins Injera. The aim of the clinics was to inspire young players besides giving them technical tips. Collins conducted a 40-minutes training session with each school's team, followed by an inspirational talk that included rewarding some of the players with signed merchandise.

Rugby clinics in Jamhuri, Ofafa Jericho and Upper Hill schools

Road Safety

The World Health Organization's 2023 report estimates that, every year, road crashes claim 1.9 million lives worldwide. Road traffic injuries are the leading cause of death for children and youth aged 5-29 years worldwide and the 12-leading cause of death when all ages are considered. In 2021, the United Nations General Assembly adopted a resolution proclaiming 2021-2030 as the second Decade of Action for Road Safety, aiming to halve road crash deaths by 2030. WHO estimates the risk of dying from a road crash in Kenya is 28 per 100,000 population (above the global average of 18.2 and Africa's 26.6). In Kenya, road traffic crashes are estimated to cost 5% of its GDP.

Preventing road crash deaths is an urgent priority of our time, aligning with SDG 3 and SDG 11. Most road crashes are preventable and result from human error and the responsibility for making roads safer is shared by all. TMK jointly advocated for the development of Kenya's National Road Safety Action Plan and participated in the handover of the Global Plan for the UN Decade of Action for Road Safety 2021-2030. Together with road safety civil society organizations, TMK advocated for the formation of Kenya's lead road safety management agency (National Transport and Safety Authority) in line with global best practice in road safety management.

Safe Way Right Way (SWRW)

Safe Way Right Way is a non-governmental Organization (NGO) that was registered in 2011 to mobilize the private sector and other actors in promoting road safety in Kenya. SWRW operations are governed by its constitution that allows for membership at Board and Associate levels. Members signed an MOU requiring them to pay an annual subscription as a condition for their continued membership. SWRW is a member of the Global Alliance of NGOs for Road Safety and the National Helmet Wearing Coalition.

The vision of SWRW is safer roads for Africa with a mission to design and implement impactful road safety programs, based on global best practice that sustainably improves road safety.

VIA Program

Mainstreaming road safety in Kenya's Competency Based Curriculum, the VIA Program is based on participative learning, which enables young people to understand the risks they are exposed to and therefore reduce them. VIA presents them with real case scenarios, specific to the issues in Kenya. TMK supported the VIA children's road safety program that benefited 32,342 children.

Case Study: "Helmet 4 Life" Initiative

In May 2023, as part of the United Nations Global Road Safety Week, TotalEnergies kicked off the "Helmet 4 Life" initiative, with an initial deployment in Togo. Buoyed up by local affiliates and the TotalEnergies Foundation program, the initiative provided 100,000 motorcycle helmets, compliant with the most stringent safety standards, in 40 countries across Africa, Asia Pacific and America. The helmet distribution campaign was accompanied by a unique road safety awareness session, particularly focused on two-wheelers.

TMK launched the "Helmet 4 Life" initiative in December 2023, targeting populations that do not have access to quality helmets at affordable prices. As part of this initiative, TMK held motorcycle safety awareness sessions and equipped 200 boda boda riders in Nairobi County with helmets and reflective vests. We plan to distribute quality helmets to motorbike riders and actively raise awareness among drivers (both general public and professionals) about wearing protective equipment, risk situations, vehicle maintenance and compliance with rules.

As an additional project, we conducted research on helmet usage of 3,786 riders on 6 roads in Nairobi and TMK supported Multimedia University on a study of medical costs of motorcycle road traffic injuries at Mama Lucy Kibaki Hospital, Kenyatta National Hospital and Shalom Hospital. 349 commercial riders were trained in riding competency, basic First Aid, Sexual and Gender Based Violence prevention, insurance, and correct use of riding gear. All riders have been tested and certified by the National Transport & Safety Authority.

Helmet 4 Life sessions in Nairobi- November 2023

INNOVATION

InnoDays theme

InnoDays + Artificial intelligence

> **Unleash the power of innovation with AI**

TMK's resolute focus on innovation and sustainability is highlighted by our InnoDays held annually for all employees as an avenue to put innovation in the spotlight for all our departments and sites. TMK runs an annual Innovation challenge that provide an opportunity to create solutions to pressing challenges, turning ideas into tangible results. The challenge also acts as a way of inspiring, mobilizing teams and promoting initiatives, people and achievements related to our innovative areas.

The theme for 2023 innovation challenge was to 'Unleash the power of innovation with AI', providing an opportunity to demonstrate the connection and identify solutions to TMK's customers that would benefit from artificial intelligence (AI). Everyone, beyond just the IT department and researchers were involved, creating a great chance to engage the entire team and highlight the numerous in-house initiatives already undertaken.

TMK Staff celebrating inno Days at the head office

GRI content index

Statement of use	TotalEnergies Marketing Kenya has reported in accordance with the GRI Standards for the period 1st January 2023 and end 31St December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	36-39
	2-2 Entities included in the organization's sustainability reporting	35
	2-3 Reporting period, frequency and contact point	35
	2-4 Restatements of information	N/A
	2-5 External assurance	N/A
	2-6 Activities, value chain and other business relationships	38-39
	2-7 Employees	66
	2-8 Workers who are not employees	66
	2-9 Governance structure and composition	Annual report 13-18
	2-10 Nomination and selection of the highest governance body	Annual report 18
	2-11 Chair of the highest governance body	44
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual report 13
	2-13 Delegation of responsibility for managing impacts	Annual report 14-16
	2-14 Role of the highest governance body in sustainability reporting	44
	2-15 Conflicts of interest	Annual report 11
	2-16 Communication of critical concerns	46
	2-17 Collective knowledge of the highest governance body	Annual report 15
	2-18 Evaluation of the performance of the highest governance body	Annual report 14
	2-19 Remuneration policies	Annual report 18
	2-20 Process to determine remuneration	Annual report 93
	2-21 Annual total compensation ratio	66
	2-22 Statement on sustainable development strategy	48
	2-23 Policy commitments	47
	2-24 Embedding policy commitments	47
	2-25 Processes to remediate negative impacts	57
	2-26 Mechanisms for seeking advice and raising concerns	467

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	72
	2-29 Approach to stakeholder engagement	52
	2-30 Collective bargaining agreements	667
GRI 3: Material Topics 2021	3-1 Process to determine material topics	54-55
	3-2 List of material topics	54
ECONOMIC PERFORMANCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	53
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	50
	201-2 Financial implications and other risks and opportunities due to climate change	56
	201-3 Defined benefit plan obligations and other retirement plans	65
	201-4 Financial assistance received from government	N/A
MARKET PRESENCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	66
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	66
	202-2 Proportion of senior management hired from the local community	Annual Report 66
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GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	73-74
	203-2 Significant indirect economic impacts	74
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GRI 3: Material Topics 2021	3-3 Management of material topics	73
	204-1 Proportion of spending on local suppliers	73
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GRI 3: Material Topics 2021	3-3 Management of material topics	72
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	72-73
	205-2 Communication and training about anti-corruption policies and procedures	73
	205-3 Confirmed incidents of corruption and actions taken	73

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
ANTI-COMPETITIVE BEHAVIOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	72
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	72
TAX		
GRI 3: Material Topics 2021	3-3 Management of material topics	72
GRI 207: Tax 2019	207-1 Approach to tax	72
	207-2 Tax governance, control, and risk management	72
	207-3 Stakeholder engagement and management of concerns related to tax	50-52
	207-4 Country-by-country reporting	N/A
MATERIALS		
GRI 3: Material Topics 2021	3-3 Management of material topics	69
GRI 301: Materials 2016	301-1 Materials used by weight or volume	69
	301-3 Reclaimed products and their packaging materials	69
ENERGY		
GRI 3: Material Topics 2021	3-3 Management of material topics	56
GRI 302: Energy 2016	302-1 Energy consumption within the organization	57-59
	302-2 Energy consumption outside of the organization	57-59
	302-3 Energy intensity	57-59
	302-4 Reduction of energy consumption	57-59
	302-5 Reductions in energy requirements of products and services	57-59

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
WATER AND EFFLUENTS		
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	303-1 Interactions with water as a shared resource	71
	303-2 Management of water discharge-related impacts	71
	303-3 Water withdrawal	49-71
	303-4 Water discharge	71
	303-5 Water consumption	71
BIODIVERSITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	70
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	70
	304-2 Significant impacts of activities, products, and services on biodiversity	69
	304-3 Habitats protected or restored	69
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
EMISSIONS		
GRI 3: Material Topics 2021	3-3 Management of material topics	58
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	50,57
	305-2 Energy indirect (Scope 2) GHG emissions	50,57
	305-3 Other indirect (Scope 3) GHG emissions	50,57
	305-4 GHG emissions intensity	57
	305-5 Reduction of GHG emissions	57- 59
	305-6 Emissions of ozone-depleting substances (ODS)	57
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	57

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
WASTE		
GRI 3: Material Topics 2021	3-3 Management of material topics	70
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	70
	306-2 Management of significant waste-related impacts	71
	306-3 Waste generated	42,49 ,71
	306-4 Waste diverted from disposal	71
	306-5 Waste directed to disposal	71
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GRI 3: Material Topics 2021	3-3 Management of material topics	73
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	73
	308-2 Negative environmental impacts in the supply chain and actions taken	73
EMPLOYMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	61- 68
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	66
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	66
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GRI 3: Material Topics 2021	3-3 Management of material topics	62-63
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	63
	403-3 Occupational health services	63
	403-4 Worker participation, consultation, and communication on occupational health and safety	63

GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	41-63
	403-6 Promotion of worker health	63
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	64
	403-8 Workers covered by an occupational health and safety management system	63
	403-9 Work-related injuries	50-64
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TRAINING AND EDUCATION		
GRI 3: Material Topics 2021	3-3 Management of material topics	65
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	42 , 52, 65
	404-2 Programs for upgrading employee skills and transition assistance programs	65
	404-3 Percentage of employees receiving regular performance and career development reviews	65
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	66
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	66
	405-2 Ratio of basic salary and remuneration of women to men	66
NON-DISCRIMINATION		
GRI 3: Material Topics 2021	3-3 Management of material topics	64
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	N/A
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 3: Material Topics 2021	3-3 Management of material topics	73
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	73

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
CHILD LABOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	64-73
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	64-73
FORCED OR COMPULSORY LABOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	64-73
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	64-73
SECURITY PRACTICES		
GRI 3: Material Topics 2021	3-3 Management of material topics	64
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	64
RIGHTS OF INDIGENOUS PEOPLE		
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A
GRI 411: Rights of Indigenous People 2016	GRI 411: Rights of Indigenous People 2016	N/A
LOCAL COMMUNITIES		
Local communities	3-3 Management of material topics	74-76
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	74-76
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	74-76
SUPPLIER SOCIAL ASSESSMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	73
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	73
	414-2 Negative social impacts in the supply chain and actions taken	73

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
PUBLIC POLICY		
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A
GRI 415: Public Policy 2016	GRI 415: Public Policy 2016	N/A
CUSTOMER HEALTH AND SAFETY		
GRI 3: Material Topics 2021	3-3 Management of material topics	72
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	72
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	72
MARKETING AND LABELING		
GRI 3: Material Topics 2021	3-3 Management of material topics	72
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	72
	417-2 Incidents of non-compliance concerning product and service information and labeling	72
	417-3 Incidents of non-compliance concerning marketing communications	72
CUSTOMER PRIVACY		
GRI 3: Material Topics 2021	3-3 Management of material topics	73
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	73

TOPICS IN THE APPLICABLE GRI SECTOR STANDARDS DETERMINED AS NOT MATERIAL		
TOPIC	EXPLANATION	
TITLE OF GRI SECTOR STANDARD		
TOPIC 11.7 Closure and rehabilitation	Not Applicable we do not have any oil fields in Kenya	
TOPIC 11.16 Land and Resource rights	Not Applicable we do not have any oil fields in Kenya	
TOPIC 11.7 Rights of indigenous people	Not applicable this is not a material issue in TMK	

Message from Chairman

As a business leader, we will continue to shape our sustainability journey with a commitment to "**more energy, less emissions**" transition strategy. Together, let's build a sustainable future that meets the current energy needs and accelerating the development of tomorrow's decarbonized energy system that drives a lasting positive global impact.

MESSAGE FROM CHAIRMAN

It is my absolute honour and privilege to welcome you, distinguished shareholders, to the 70th 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 2023. First and foremost, I begin by welcoming Ms Catherine Musakali who succeeded Ms Margaret Shava as a non-executive director.

Distinguished shareholders the year 2023 was characterized by a turbulent business environment with foreign exchange pressure occasioned by weak shilling and low forex reserves. The increase of Central Bank Rate (CBR) from 9.50% in March 2023 to 12.5% in December 2023 contributed to high interests rates. Electricity tariffs equally increased with effect from April 2023 mounting pressure on consumers. Nevertheless, I commend the Government for the steadfast actions taken to contain the run-away inflation and other efforts to stabilize the economic environment.

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. Once again, I thank you, Shareholders, for attending this Annual General Meeting.

Our Ambition

TotalEnergies reaffirms its ambition to be a major player in the energy transition and has put in place a consistent energy transition strategy aimed at achieving carbon neutrality by 2050, together with society. The company is dedicated to reducing its carbon footprint across all aspects of its operations. This will be achieved by pursuing an ambitious action plan aimed at decreasing the greenhouse gas emissions for which the company has a direct responsibility (Scope 1 and 2 emissions at our operated assets).

We continued to develop the company's multi-energy strategy to support the energy transition which is anchored in the company's belief that every individual on the planet deserves access to cleaner and reliable energy which is required for economic and social development. TotalEnergies' mission is to deliver energy that is more available, more affordable, cleaner and accessible to the greatest number of people. Today, there is a growing expectation for businesses to demonstrate a clear and responsible commitment to safeguarding the climate for the next generations. Through the energy transition already in progress, our company aims at delivering practical, sustainable solutions to address the challenge of increasing energy accessibility while reducing emissions.

In Kenya, TotalEnergies has implemented several initiatives targeted at minimizing the company's carbon footprint in line with our sustainability ambition. The company has continued to invest in solarization of key facilities including 148 service stations with 1,423KWp installed capacity, 3 depots with a total of 61KWP capacity and the Head office installed capacity of 43KWP. Other actions include implementation of energy efficiency initiatives that have lowered energy consumption. As pioneers in the industry, we established strategic partnerships with three leading e-mobility players namely Ampersand, Roam, and Arc Ride. Through this partnership we opened a total of 13 EV sites in 2023 providing convenient access to battery charging and swapping points to electric motorbikes customers. TotalEnergies has equally prioritized transitioning our customers from wood and charcoal to Liquefied Petroleum Gas (LPG) which is a clean cooking solution with far-reaching benefits on people's health, environment, and the economy. Additionally, we pursued business partnerships for sustainable development of biodiesel. Drawing from the experience gained from these initiatives, we are eager to support our business partners throughout their energy transition journey.

> **"TotalEnergies reaffirms its ambition to be a major player in the energy transition and has put in place a consistent energy transition strategy aimed at achieving carbon neutrality by 2050, together with society."**

Petroleum Environment

Geopolitical tensions remained prevalent throughout the year, leading to heightened uncertainty in the oil markets. This situation has emphasized the significance of diversifying energy sources and transitioning towards renewable energy options. The crude oil prices remained elevated during the year due to insecurity of supplies, supply disruptions and price volatility. Throughout that past year, the Kenya shilling experienced depreciation against the dollar dropping from approximately KShs 122.70/USD in January 2023 to KShs 154.09/USD by December 2023. This exerted significant pressure on the cost of importation for oil products.

Regulatory changes in the Finance Act 2023 that came into effect on 1st July 2023 was increase of Value Added Tax (VAT) on petroleum products (excluding LPG gas) from 8% to 16%. The same Act also zero-rated Liquefied Petroleum Gas (LPG) by removal of 8% VAT which is a positive action in improving consumption of LPG.

In March 2023, the Government of Kenya introduced the Government to Government (G2G) fuel import arrangement by partnering with the United Arab Emirates and Saudi Arabia Governments. This initiative was introduced as a measure to alleviate the foreign exchange pressures that were being experienced at that time with the previous Open Tender System (OTS). Under this new arrangement, the Oil Marketing Companies (OMCs) make payments for the fuel they import in Kenyan shillings.

The Energy and Petroleum Regulatory Authority (EPRA) initiated the second comprehensive study on the Cost-of-Service Study in Supply of Petroleum Products (COSSOP). The study is aimed at reviewing the petroleum products supply chain which includes importation, storage and delivery costs for fuels and LPG. The outcome of this study will guide the products pricing structure in the country factoring in all prudently incurred costs.

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 2023. The recovery of these inventories has been and is still a matter of discussion between the industry through Petroleum Institute of East Africa (PIEA), KPRL, Ministry of Energy and Petroleum (MoEP) and Energy Petroleum Regulatory Authority (EPRA). We remain optimistic of recovering our inventories' worth.

Economic Environment

According to Central bank of Kenya, the Kenyan economy experienced a growth in 2023 with an estimated real GDP growth of 5.6%. The economy was resilient amid tough macroeconomic environment. Looking forward to 2024, the economic forecast remains robust, with an estimated growth rate of 5.2%. This optimistic outlook is supported by the sustained strong performance of the services sector and the continued recovery in agriculture. However, there are persistent global risks stemming from ongoing geopolitical tensions, which introduce uncertainties in the supply chain.

Performance

The Company's performance remained resilient with positive profit after tax of KShs 3,023 million (2022: KShs 2,444 million) in the challenging environment of sharp increase in fuel prices. The Company's statement of financial position remained strong with total assets of KShs 75.32 billion (2022: KShs 73.04 billion). The Company continued to invest in line with the business strategy to enhance its logistics, network and continue to build a profitable and sustainable multi-energy company.

Sustainability and Corporate Social Responsibility

Energy represents the history and the future of TotalEnergies, and the dual challenge of our time is to meet the energy needs of an ever-growing world population while combating climate change. This drives our commitment to reinvent energy production and consumption that is anchored on two pillars: development of renewable energies and responsible low carbon emissions in the downstream production. Consequently, this puts us in an exciting position to be a world-class sustainable player in the energy industry. Additionally, we have made tangible progress on our pathway to Net Zero by 2050 supported by investments in cutting-edge clean energy technologies.

As a company, we adopt a holistic approach to sustainable development, embedding it across our multi-energy strategy, projects, and operations as we contribute to achieving the UN Sustainable Development Goals (SDGs). Our sustainability strategy is built upon four strategic pillars: Energy & Climate, Acting for the Well-Being of Employees; Caring for the Environment and Having a Positive Impact for Stakeholders. I am pleased to present our sixth Sustainability Report, which is a voluntary publication within TMK Annual Report, that outlines our progress in ESG performance and impacts.

In our business, safety is not just a priority, but a fundamental value integrated into the very fabric of our operations. We are relentlessly committed to achieving our goal of zero fatalities, fostering a safe culture for both our staff and contractors, and running environmentally responsible operations. The Company also continues to contribute to their resilience and sustainable socio-economic development through corporate social investment programs and constant dialogue with stakeholders in our quest to create shared value.

Our employees are at the heart of our performance and their commitment is essential to the success of our just transition and our achievement of our long-term objectives. The staff ambition of "Better Together" brings together a set of measures to make the Company a good place to work together.

As a Company we extend our gratitude to our customers, employees, and all our stakeholders who have partnered with us in this journey. Your unwavering commitment and collaboration are the foundation of a sustainable future.

As a business leader, we will continue to shape our sustainability journey with a commitment to "more energy, less emissions, more value" transition strategy. Together let us build a sustainable future that meets the current energy needs and accelerating the development of tomorrow's decarbonized energy system.

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 349 commercial riders on high-risk roads in Nairobi. Riders have been assessed by the Government and issued with driving licenses. A total of 1,850 commercial motorcycle riders have been trained and certified by the government since 2020. Under this program riders are trained on cross cutting issues: basic First Aid, Sexual and Gender based violence prevention, Insurance and correct use of Personal Protective Equipment.
- Secured funding (KES 3M) from Transaid UK & FIA Foundation for motorcycle helmet usage and safety awareness research project. Observations of 3,786 motorcyclists in Nairobi County were done in conjunction with Multimedia University. The average helmet usage is 65% (riders) and 14.7% (pillion passengers). This project is under the National Helmet Coalition funded by FIA Foundation and SWRW is a founder member of the coalition.
- Supported the launch and roll out of Helmet4Life Network CSR initiative by conducting awareness sessions for 200 Ampersand commercial motorcycle taxi riders. More sessions are planned in 2024.

Ecochallenge Program: Established in 2003, has continued to inspire Kenyans to plant more trees outside the existing forest cover. In 2023 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 1,211,477 worth of fuel sponsorship to the Rhino Charge event of 2023. 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 2023, TMK supported the rehabilitation of a community borehole in Marsabit County at a cost of KShs 3,180,735, following severe drought experienced earlier in the year. The initiative was coordinated by the French Chamber of Commerce. Further to this the affiliate made the following donations amongst other initiatives:

- KShs 500,000 to Africa Extreme Naro Moru Cycling Challenge to promote cycling as a sport and support sustainable programs in the host communities environment.
- TMK contributed KShs 318,000 towards the Standard Chartered Nairobi Marathon, marking a return of our participation in the event after a 3-year hiatus.
- Sponsored rugby clinics at 3 public schools to inspire the young players at the schools, namely Jamhuri High, Ofafa Jericho and Upper Hill. This was part of our local activation of the Rugby World Cup 2023 sponsorship.

Outlook for 2024

The global oil prices have been relatively stable this year trading below USD100/barrel. However, the market remains susceptible to disruption, particularly due to ongoing geopolitical tensions. The Kenya shilling has appreciated against the dollar, but it still remains volatile. Strengthening of the shilling is expected to play a key role in curbing inflationary pressure in the economy and potentially lowering the cost of importing petroleum products . Consequently leading to greater purchasing power for customers.

The Government of Kenya has extended the Government to Government (G2G) Oil supply deal to the end of 2024. We remain optimistic that this move will continue to sustain the alleviation of the forex pressure as oil marketers will continue to purchase fuel in Kenya shillings for the remainder of the year leading to a more stable economic environment.

Access to clean energy, particularly for cooking, is a prerequisite for economic and social development in emerging countries. TotalEnergies is stepping up the efforts in Kenya and plans to invest in LPG for "clean cooking", primarily in cylinders but also in storage and filling facilities with an intention of significantly increasing our growth.

The Board will continue to support the Management across the initiatives planned to be implemented throughout the year. This includes the execution of our climate strategy aimed at achieving carbon neutrality by 2050, adherence to our sustainable development goals, implementation of the multi-energy strategy and sustainable business development. I am confident that all these efforts will enhance our shareholders' value in 2024.

Dividends

The Board is pleased to recommend at this Annual General Meeting, for your approval the payment of a first and final dividend of KShs 1.92 per share. Dividend will be payable to shareholders on the register of members at the close of business on 27th June 2024, subject to withholding tax where applicable.

Acknowledgements

During the year 2023, Management sustainably continued to deploy strategies and actions of transitioning your company to net zero ambition by 2050 together with society. They equally implemented measures to adapt in a turbulent environment of oil supply disruptions resulting from forex pressure, geopolitical conflict and associated sanctions that impacted crude oil prices. As a Board, we appreciate the commitment and steadfast focus of Management to spear heading the company to net zero and adaptation to the global economic pressures plus 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 KenyaPLC.

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

"Access to clean energy, particularly for cooking, is a prerequisite for economic and social development in emerging countries. TotalEnergies is stepping up the efforts in Kenya and plans to invest in LPG for "clean cooking", primarily in cylinders but also in storage and filling facilities with an intention of significantly increasing our growth."

TAARIFA YA MWENYEKITI

> **Kama kiongozi katika biashara hii, tutaendelea kuunda safari yetu ya uendelevu kwa kujitolea kwa mkakati wa mabadiliko wa "nishati zaidi, uchafuzi mdogo, thamani zaidi". Kwa pamoja tujenge mustakabali endelevu ambao unakidhi mahitaji ya sasa ya nishati na kuharakisha maendeleo ya mfumo wa kesho wa nishati isiyo na kaboni.**

Ni heshima na pendeleo langu kubwa kuwakaribisha, nyinyi wanahisa watambulika, kwenye Mkutano Mkuu wa Mwaka wa 70 wa shirika la TotalEnergies Marketing Kenya PLC na kuwasilisha kwenu Ripoti ya Mwaka na Taarifa za Kifedha za Kampuni za mwaka uliomalizikia tarehe 31 Desemba 2023. Kwanza, natanguliza kwa kumkaribisha Bi Catherine Musakali aliyechukua nafasi ya Bi Margaret Shava kama mkurugenzi asiye mtendaji.

Wanahisa watukufu,mwaka wa 2023 ulikumbwa na hali isiothibitika ya kibiashara kukiwa na shinikizo la fedha za kigeni lililosababishwa na kudhoofika kwa shilingi na akiba ya chini ya fedha za kigeni. Ongezeko la Viwango vya Benki Kuu (CBR) vya riba kutoka 9.50% mnamo Machi 2023 hadi 12.5% Desemba 2023 lilichangia viwango vya juu vya riba. Bei za umeme ziliongezeka kuanzia Aprili 2023 na kuongeza shinikizo kwa watumiaji. Upande mwingine, naipongeza Serikali kwa kuchukua hatua thabiti za kudhibiti mfumuko wa bei na jitihada nyinginezo za kuleta utulivu wa mazingira ya kiuchumi.

Kampuni hii yenu imeendelea kukabiliana na mazingira haya ya kipekee na inasalia kuwa imara na bunifu ili kutoa suluhu za kudumu 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 zimebaki kuwa nguvu yetu ya kusonga mbele. Kwa mara nyingine tena, ninawashukuru ninyi, Wanahisa, kwa kuhudhuria huu Mkutano Mkuu wa Mwaka.

Azma Yetu

TotalEnergies inathibitisha azma yake ya kuwa mhusika mkuu katika mpito wa nishati na imeweka mkakati thabiti kufikia hali ya kutoegemeza kaboni ifikapo 2050, tukiwa pamoja na jamii. Kampuni hii imejitolea kupunguza kiwango chake cha kaboni katika shughuli zake zote. Hili litaafikiwa kwa kufuata mpango kabambe wa utekelezaji unaolenga kupunguza utoaji wa gesi chafu inayoathiri mazingira ambayo kampuni inawajibika kwayo moja kwa moja (Upeo wa 1 na 2 wa uzalishaji katika maeneo ambayo tunaendesha shughuli zetu).

Tulizidi kukuza mkakati wa kampuni wa kutoa nishati aina nyingi ili kutegemeza mpito wa nishati, ambao umeegemezwa katika imani ya kampuni kwamba kila mtu aliye kwenye sayari hii anastahili kupata nishati safi na ya kutegemewa kwa minajili ya kukuza maendeleo ya kiuchumi na kijamii. Dhamira ya TotalEnergies ni kutoa nishati inayopatikana kwa urahisi, ya bei nafuu zaidi, safi na inayoweza kufikiwa na watu wengi zaidi. Leo, kuna matarajio yanayoongezeka kwa biashara kuonyesha kwa wazi uwajibikaji wa kulinda hali ya hewa kwa vizazi vijavyo. Kupitia mpito wa nishati unaoendelea tayari, kampuni yetu inalenga kutoa suluhu endelevu ili kushughulikia changamoto ya kuongeza upatikanaji wa nishati huku ikipunguza uchafuzi.

Hapa Kenya, TotalEnergies imetekeleza mipango kadhaa inayolenga kupunguza kiwango cha kaboni cha kampuni kulingana na azma yetu ya uendelevu. Kampuni hii imeendelea kuwekeza katika uwezeshaji wa nishati ya jua kwenye vituo muhimu vikiwemo vituo 148 vya kuuza mafuta vilivyowekwa uwezo wa 1,423KWp, depot 3 zenye jumla ya uwezo wa 61KWP na Makao Makuu yakawekwa uwezo wa 43KWP. Hatua nyingine ni pamoja na utekelezaji wa mipango ya ufanisi wa nishati ambayo imepunguza matumizi ya nishati. Kama waanzilishikatika sekta hii, tulianzisha ushirikiano wa kimkakati na mashirika matatu makuu ya e-mobility (yaani ya magari yatumiayo umeme) Ampersand, Roam, na Arc Ride. Kupitia ushirikiano huu tulifungua jumla ya maeneo 13 ya EV mnamo 2023 yanayofanikisha ufikiaji rahisi wa kuchaji betri na vituo vya kubadilisha betri kwa wateja wa pikipiki za umeme. Vile vile TotalEnergies imepatia umuhimu uhamishaji wa wateja wetu kutoka matumizi ya kuni na mkaa hadi Gesi ya Petroli Iliyoyeyushwa (LPG) ambayo ni suluhisho safi la kupikia lenye manufaa makubwa kwa afya ya watu, mazingira na uchumi. Zaidi ya hayo, tulifuata ushirikiano wa kibiashara ya ustawi endelevu wa dizeli ya mimea. Kwa kuzingatia uzoefu uliopatikana kutokana na mipango hii, tuna hamu ya kusaidia washirika wetu wa kibiashara katika safari yao yampito wa nishati.

> **TotalEnergies inathibitisha azma yake ya kuwa mhusika mkuu katika mpito wa nishati na imeweka mkakati thabiti kufikia hali ya kutoegemeza kaboni ifikapo 2050, tukiwa pamoja na jamii.**

Hali ya Sekta ya Petroli

Hali ya uhusiano mbaya kati ya mataifa mbali mbali ilidumu kote mwakani, na kusababisha kuzidi kwa mazingira yasiyo na uhakika katika masoko ya mafuta. Hali hii imesisitiza umuhimu wa kubadilisha vyanzo vya nishati na mabadiliko kukumbatia chaguzi za nishati mbadala. Bei ya mafuta yasiyosafishwa ilisalia kuwa juu katika mwaka huo kutokana na ukosefu wa usalama katika ugavi, kukatizwa kwa usambazaji bidhaa na kuyumbayumba kwa bei. Katika mwaka huo uliopita, thamani ya shilingi ya Kenya ilishuka dhidi ya dola kutoka takriban KShs 122.70/USD Januari 2023 hadi KShs 154.09/USD kufikia Desemba 2023. Hii iliongeza shinikizo kubwa kwa gharama ya uagizaji wa bidhaa za mafuta.

Mabadiliko ya udhibiti katika Sheria ya Fedha ya 2023 iliyoanza kutumika tarehe 1 Julai 2023 yalikuwa kuongezwa kwa Kodi ya VAT kwa bidhaa za petroli (bila kujumuisha gesi ya LPG) kutoka 8% hadi 16%. Sheria iyo hiyo pia ilifanya malipo sifuri kwa Gesi ya Petroli Iliyoyeyushwa (LPG) hivyo basi kuondoa 8% ya VAT ambayo ni hatua nzuri katika kuboresha matumizi ya LPG.

Mnamo Machi 2023, Serikali ya Kenya ilianzisha makubaliano baina ya Serikali na Serikali nyingine (G2G) ya kuwezesha uagizaji wa bidhaa za petroli kwa kushirikiana na Umoja wa Falme za Kiarabu (UAE) na Serikali ya Saudi Arabia. Mpango huu ulianzishwa kama hatua ya kupunguza shinikizo la fedha za kigeni zilizokuwa zikishuhudiwa wakati huo na Mfumo wa awali wa Zabuni Huria (OTS). Chini ya mpango huu mpya, Kampuni za Uuzaji wa Mafuta (OMCs) hufanya malipo ya mafuta wanayoagiza kwa shilingi za Kenya.

Mamlaka ya Udhibiti wa Nishati na Petroli (EPRA) ilianzisha utafiti wa pili wa kina kuhusu Gharama ya Huduma katika Ugavi wa Bidhaa za Petroli (COSSOP). Utafiti huo unalenga kukagua mchakato wa usambazaji wa bidhaa za petroli unaojumuisha uagizaji, uhifadhi na gharama za utoaji wa mafuta na LPG. Matokeo ya utafiti huu yanatarajiwa kutoa mwelekeo wa muundo wa bei za bidhaa nchini na kujumuisha gharama zote zilizotumika kwa uangalifu.

Wanahisa watukufu, suala lililoangaziwa katika ripoti ya mkaguzi huru wa nje Ernst & Young kama Suala Muhimu la Ukaguzi linalohusu urejeshaji wa orodha za mafuta katika Kiwanda cha Kusafisha Mafuta cha Kenya (KPRL) bado linasubiri kushughulikiwa hadi kufikia mwisho wa mwaka wa 2023. Urejeshaji huu wa orodha umekuwa na bado unazidi kuwa mjadala baina ya tasnia hii kupitia Taasisi ya Petroli ya Afrika Mashariki (PIEA), KPRL, Wizara ya Nishati na Petroli (MoEP) na Mamlaka ya Udhibiti wa Nishati ya Petroli (EPRA). Tunasalia na matumaini ya kurejeshewa thamani ya orodha zetu.

Hali ya Uchumi

Kwa mujibu wa Benki Kuu ya Kenya, uchumi wa Kenya ulipata ukuaji katika mwaka wa 2023 na makadirio ya ukuaji halisi wa Pato la Taifa (GDP) wa 5.6%. Uchumi ulikuwa thabiti licha ya kuwepo mazingira magumu dhidi ya uchumi mkuu. Tukitazama mbele katika 2024, utabiri wa hali ya uchumi unabaki kuwa thabiti, kukiwa na makadirio ya ukuaji wa Uchumi kwa 5.2%. Mtazamo huu wa matumaini unaungwa mkono na utendaji thabiti endelevu wa sekta ya huduma na kuendelea kuimarika kwa kilimo. Hata hivyo, kuna hatari kuu dunianizinatokana na migogoro iliyopo baina ya mataifa, hali ambayo inaleta kutokuwa na uhakika katika msururu wa ugavi.

Utendaji

Utendaji wa Kampuni ulisalia kuwa thabiti kukiwa na faida chanya baada ya ushuru wa KShs milioni 3,023 (2022: KShs milioni 2,444) katika mazingira magumu ya ongezeko kubwa la bei ya mafuta. Taarifa ya hali ya kifedha ya Kampuni ilisalia imara kukiwa na jumla ya mali ya KShs bilioni 75.32 (2022: KShs bilioni 73.04). Kampuni iliendelea kuwekeza kulingana na mkakati uliyoweka wa biashara ili kuimarisha ugavi wake, vituo vya mafuta na kuendelea kusatawisha kampuni imara yenye faida na endelevu ya nishati aina nyingi.

Uendelevu na Uwajibikaji was Shirika katika Jamii

Nishati inawakilisha historia na mustakabali wa TotalEnergies, na changamoto mbili za wakati huu wetu ni kukidhi mahitaji ya nishati ya idadi ya watu inayoendelea kuongezeka duniani huku tukikabiliana na mabadiliko ya hali ya hewa. Hii ndio inachochea dhamira yetu ya kubuni upya uzalishaji na matumizi ya nishati ambayo yameegemezwa katika nguzo mbili: ukuzaji wa nishati mbadala na uwajibikaji katika utoaji wa kaboni duni katika kiwango cha uzalishaji wa hatimaye. Kwa hivyo, hii inatuweka katika nafasi ya kusisimua ya kuwa mhusika endelevu wa haadhi ya kimataifa katika tasnia hii ya nishati. Zaidi ya hayo, tumefikia maendeleo yanayoonekana kwenye njia yetu ya kufikia Net Zero (yaani uchafuzi sifuri) ifikapo 2050 kwa kufadhiliwa na uwekezaji katika teknolojia za kisasa za nishati safi.

Sisi kama kampuni, tunachukua mkabala mkamilifu wa maendeleo endelevu, tukipachika kote katika mkakati wetu wa nishati anuwai, miradi na shughuli zetu tunapochangia kufikia Malengo ya Maendeleo Endelevu ya Umoja wa Mataifa (SDGs). Mkakati wetu wa uendelevu umejengwa juu ya nguzo nne za kimkakati: Nishati na Hali ya Hewa, Kutekeleza kwa Maslahi ya Wafanyikazi; Kutunza Mazingira na Kuwa na Athari Chanya kwa Wadau. Nina furaha kuwasilisha Ripoti yetu ya sita ya Uendelevu, ambayo ni uchapishaji wa hiari ndani ya Ripoti ya Mwaka ya TMK, ambayo inaelezea maendeleo yetu katika utendaji na athari za ESG.

Katika biashara hii yetu, usalama sio tu kipaumbele, lakini ni thamani ya msingi iliyojumuishwa katika muundo halisi wa shughuli zetu. Tumejitolea bila kuchoka katika kufikia lengo letu la vifo sifuri, kukuza utamaduni wa usalama kwa wafanyikazi wetu na wanakandarasi, na kuendesha shughuli zetu kwa njia zinazowajibika kwa mazingira. Kampuni pia inaendelea kuchangia uthabiti wao na ustawi endelevu wa kijamii na kiuchumi kupitia mipango ya uwekezaji katika uwajibikaji wa shirika kwa jamii na mazungumzo ya mara kwa mara na washikadau katika azma yetu ya kuunda thamani ya pamoja.

Wafanyakazi wetu ndio kiini cha utendakazi wetu na kujitolea kwao ni muhimu kwa mafanikio ya mabadiliko yetu ya haki na azma ya kufikia malengo yetu ya muda mrefu. Matarajio ya wafanyikazi ya "Better Together" huleta pamoja mipangilio ya hatua za kuifanya Kampuni kuwa mahali pazuri pa kufanya kazi pamoja.

Kama Kampuni tunatoa shukrani zetu kwa wateja wetu, wafanyakazi, na wadau wetu wote ambao wameshirikiana nasi kwenye safari hii. Kujitolea kwenu kusiotingisika na ushirikiano maridhawa ndio msingi wa mustakabali endelevu wa shirika hili.

Kama kiongozi katika biashara hii, tutaendelea kuunda safari yetu ya uendelevu kwa kujitolea kwa mkakati wa mabadiliko wa "nishati zaidi, uchafuzi mdogo, thamani zaidi". Kwa pamoja tujenge mustakabali endelevu ambao unakidhi mahitaji ya sasa ya nishati na kuharakisha maendeleo ya mfumo wa kesho wa nishati isiyo na kaboni.

Mipango ya Kijamii: Kampuni hii imendelea kuwa mshirika na mchangiaji mkubwa kwa Safe Way Right Way (SWRW), Shirika lisilo la Serikali la kuhamasisha usalama barabarani kando ya Ukanda wa Kaskazini. Shirika hilo linatetea udumishaji wa usalama barabarani miongoni mwa wananchi na wadau wakuu wakiwemo madereva wa magari, waendesha pikipiki na wanaotembea kwa miguu. Mnamo 2023 SWRW ilifanikiwa kutimiza yafuatayo miongoni mwa mengine:

- Ilitoa mafunzo kwa waendeshaji 349 wa pikipiki za kibiashara kwenye barabara hatari jijini Nairobi. Waendeshaji hao walitahiniwa na Serikali na kupewa leseni za uendeshaji. Jumla ya waendesha pikipiki za kibiashara 1,850 tayari wamepewa mafunzo na kuthibitishwa na serikali tangu mwaka wa 2020. Chini ya mpango huu waendeshaji wanafunzwa kuhusu masuala yanayogusia vipengee mbali mbali: Msaada wa Kwanza, Kuzuia Unyanyasaji wa Kingono na wa Kijinsia, Bima na matumizi sahihi ya Vifaa vya Kujikinga.
- Ufadhili wa KES 3M ulipatikana kutoka kwa Wakfu wa Transaid UK & FIA kwa ajili ya matumizi ya helmeti za pikipiki na mradi wa utafiti wa uhamasishaji wa usalama. Uchunguzi wa waendesha pikipiki 3,786 katika Kaunti ya Nairobi ulifanywa kwa ushirikiano

na Chuo Kikuu cha Multimedia. Wastani wa matumizi ya helmeti ni 65% kwa waendeshaji pikipiki na 14.7% kwa abiria waliobebwa. Mradi huu uko chini ya Muungano wa Kitaifa wa Helmeti (National Helmet Coalition) unaofadhiliwa na FIA Foundation na SWRW ni mwanachama mwanzilishi wa muungano huo.

- Kusaidia uzinduzi na usambazaji wa mpango wa uwajibikaji kwa Jamii (CSR) wa Helmet4Life Network kwa kuendesha vikao vya uhamasishaji kwa waendesha 200 wa pikipiki za kibiashara za Ampersand. Vipindi zaidi vimepangwa katika mwaka 2024.

Programu ya Ecochallenge: Ilianzishwa mwaka wa 2003, imeendelea kuhamasisha Wakenya kupanda miti zaidi nje ya sehemu zilizo na misitu. Mnamo mwaka wa 2023 TotalEnergies Ecochallenge iliratibu upandaji wa miti zaidi ya 30,000 katika maeneo mbalimbali za nchi hii kwa ushirikiano na wafanyikazi na jamii.

Ili kuunga mkono zaidi uhifadhi wa mazingira, TMK ilitoa ufadhili wa mafuta wa thamani ya KShs 1,211,477 kwa hafla ya Rhino Charge ya 2023. Haya ni mashindano ya kuendesha gari nje ya barabara za kawaida yanayoandaliwa ili kuchangisha pesa za kusaidia shughuli za Rhino Ark Charity Trust, Shirika la Kijamii (NGO) ambalo hufanya juhudi za uhifadhi na ulinzi wa mazingira ya milima ya Kenya, Vyanzo vya Maji.

Juhudi Nyingine za Uwajibikaji katika Jamii (CSR): Mnamo 2023, TMK ilisaidia kukarabati kisima cha jamii katika Kaunti ya Marsabit kwa gharama ya KShs 3,180,735, kufuatia ukame mkali uliotokea mapema mwaka huo. Mpango huo uliratibiwa na Chama cha Wafanyabiashara cha Ufaransa. Zaidi ya hili, TMK ilitoa michango ifuatayo kati ya mipango mingine:

- KShs 500,000 kwa mashindano ya uendeshaji baiskeli ya Africa Extreme Naro Moru Cycling Challenge ili kukuza uendeshaji baiskeli kama mchezo na kuunga mkono programu endelevu za kufaidi jumuiya ambako mashindano hayo yanafanyika.
- TMK ilichangia KShs 318,000 kwa mashindano ya mbio za Standard Chartered Nairobi Marathon, hii ikiashiria kurudi kwa ushiriki wetu katika hafla hiyo baada ya kusita kwa miaka 3.
- Ilifadhili kliniki za mchezo wa raga katika shule 3 za umma ili kuwatia moyo wachezaji chipukizi shuleni, ambazo ni Jamhuri High, Ofafa Jericho na Upper Hill. Hii ilikuwa sehemu ya uzinduzi wetu wa ndani wa ufadhili wa Kombe la Dunia la Raga 2023.

Matarajio ya 2024

Bei za mafuta duniani zimetulia mwaka huu zikiwa kwa bei ya chini ya USD100 kwa pipa. Hata hivyo, soko bado linaweza kuathiriwa, hasa kutokana na migorogoro ya kimataifa inayoendelea. Shilingi ya Kenya imepanda thamani dhidi ya dola, lakini bado inabadilikabadilika. Kuimarishwa kwa shilingi kunatarajiwa kuwa na jukumu muhimu katika kupunguza shinikizo la mfumuko wa bei katika uchumi na uwezekano wa kupunguza gharama ya kuagiza bidhaa za petroli kutoka nje. Hivyo kusababisha uwezo mkubwa wa ununuzi kwa wateja.

> **Upatikanaji wa nishati safi, hasa ya kupikia, ni sharti la kwanza la maendeleo ya kiuchumi na kijamii katika nchi zinazoibuka. TotalEnergies inaongeza juhudi hapa nchini Kenya na inapanga kuwekeza katika LPG kwa ajili ya "Upikaji safi", hasa katika mitungi ya gesi lakini pia katika kuhifadhi na vituo vya kujaza kwa nia ya kuongeza ukuaji wetu kwa kiasi kikubwa.**

Serikali ya Kenya imeongeza muda wa mpango wa Serikali kwa Serikali (G2G) wa uagazaji Mafuta hadi mwisho wa 2024. Tunasalia kuwa na matumaini kwamba hatua hii itaendelea kupunguza shinikizo la fedha za kigeni huku wauzaji wa mafuta wakiendelea kununua mafuta kwa shilingi ya Kenya katika kipindi kilichosalia cha mwaka na hivyo kusababisha hali ya kiuchumi kuzidi kutulia.

Upatikanaji wa nishati safi, hasa ya kupikia, ni sharti la kwanza la maendeleo ya kiuchumi na kijamii katika nchi zinazoibuka. TotalEnergies inaongeza juhudi hapa nchini Kenya na inapanga kuwekeza katika LPG kwa ajili ya "Upikaji safi", hasa katika mitungi ya gesi lakini pia katika kuhifadhi na vituo vya kujaza kwa nia ya kuongeza ukuaji wetu kwa kiasi kikubwa.

Bodi itaendelea kuunga mkono Menejimenti katika mipango yote iliyopangwa kutekelezwa mwaka mzima. Hii ikiwa ni pamoja na utekelezaji wa mkakati wetu wa hali ya hewa unaolenga kufikia kutokuwa na kaboni ifikapo mwaka wa 2050, kuzingatiwa kwa malengo yetu ya ustawi endelevu, utekelezaji wa mkakati wa nishati anuwai na ukuaji endelevu wa biashara. Nina imani kuwa juhudi hizi zote zitaongeza thamani ya wanahisa wetu mwaka wa 2024.

Mgao wa Faida

Bodi wanafuraha kupendekeza katika Mkutano huu Mkuu wa Mwaka, kwa idhini yenu, malipo ya mgao wa kwanza na wa mwisho wa Kes 1.92. Mgao huu wa faida utalipwa kwa wanahisa walio kwenye rejista ya wanachama, muda wa kufungwa biashara ya siku ya tarehe 27 Juni 2024, kwa kutegemea kodi ya zuio (WHT) pale inapohitajika.

Shukrani

Katika mwaka wa 2023, Usimamizi uliendelea kutumia mikakati na hatua za kubadilisha kampuni hii yenu hadi kufikia kaboni sifuri (Net Zero) kufikia 2050 tukiwa pamoja na jamii. Vile vile walitekeleza hatua za kujirekebisha ili kuchukuana na hali ya mazingira yenye misukosuko ya kukatizwa kwa usambazaji wa mafuta kutokana na shinikizo la fedha, migogoro baiba ya mataifa na vikwazo vingine husika vilivyoathiri bei ya mafuta ghafi. Kama Bodi, tunathamini kujitolea na mwelekeo thabiti wa Usimamizi wa kuongoza kampuni hii kwenda kufikia kaboni sifuri na kukabiliana na shinikizo la kiuchumi la kimataifa pamoja na kuhakikisha kuendelea kwa biashara. Ningependa kutambua juhudi za wafanyakazi wote ambao wamejitolea kuhudumia wateja kwa nijia bora na wadau wetu katika kipindi cha mwaka mmoja uliopita licha ya hali ngumu iliyopo.

Ninawashukuru Wateja wetu, Wauzaji, Wasafirishaji na Washikadau wengine wakuu kwa kuendelea kutuunga mkono kwa manufaa yetu sisi sote.

Kwenu Wanahisa, ninawashukuru kwa imani ambayo mmeonyesha kwa kuchagua kuwekeza katika shirika la TotalEnergies Marketing Kenya PLC.

Kwa kumalizia, ninaishukuru pia Bodi ya Wakurugenzi kwa kujitolea na kwa usaidizi wao ambao umewezesha Kampuni yenu kuendelea kuwa mhusika mkuu katika uchumi wetu.

Olagoke Aluko

Mwenyekiti

Message from Managing Director

> "Looking ahead, we must drive sustainable innovation, leveraging our competitive advantages to evolve our business model that prioritizes a decarbonized future."

Overview

Kenya's economy was resilient in 2023 and recorded remarkable growth primarily driven by the recovery of the agricultural sector and the robust performance of the service industries. The country endured challenges faced in the macroeconomic landscape, characterized by currency depreciation, constraints in the availability of dollars, increased interest rates, and prevailing inflation. Furthermore, there were escalating global geopolitical conflicts leading to higher prices of petroleum products, which had adverse effects on operational costs. Despite these turbulences, the political environment remained stable throughout the year.

Guided by our core values of safety, respect for each other, pioneering spirit, the need to stand together and a performance-minded attitude, the company has remained steadfast in its commitment to meeting the ever-growing demand for energy and services as required by our valued customers. The core values are complemented by TotalEnergies' Code of Conduct which provides the framework for our business operations. Strengthening our pioneering spirit is absolutely important and the Company will continue to demonstrate this through celebration of 100 years anniversary throughout the year 2024. This will be by way of commemorating the rich history defining our identity and culture. Subsequently TotalEnergies Marketing Kenya PLC (TMK) will equally celebrate its 70 years anniversary in Kenya in the year 2025.

MESSAGE FROM MANAGING DIRECTOR

The company remains dedicated to its multi-energy strategic ambition which targets net zero by 2050 together with society. At the same time, we are building a strong position to assist our customers in their journey towards energy transition. Throughout the year, we undertook various initiatives to support this ambition including the installation of two electric vehicle charging stations at our service stations and creation of 13 EV sites at our stations for motorcycle battery swapping. Additionally, adoption of solar power in our facilities, and collaboration in the development of biodiesel. These initiatives are complemented by integration of Sustainable Development Goals (SDGs) into our business operations through our four strategic sustainability pillars: Climate and sustainable energy, Caring for the environment, Creating shared value and well-being of employees.

The company is determined to continuously expand the products and services offered through innovative solutions. It remains focused on key business development strategies by prudently pursuing investments in projects aimed at strengthening its operations. Over the past year, we have increased our footprint by commissioning ten state-of-the-art service stations and revamped several existing stations to enhance the service quality and safety standards. Our retail sites serve as convenient one-stop hubs providing a diverse range of products and services. Customers can access quality Petroleum products, bonjour shops, Car wash services, Quartz auto service centers, and home delivery of LPG using the EasyGas App. Through our partnership with third parties, we continue to diversify our portfolio of services that include car service bays, tyre centres, restaurants, chemists, laundries and plastic waste management among others to make our station a one stop customer destination. As part of continuous enhancement of safety culture, the Company implemented advanced driver assistance and monitoring system for our fleet. Further to this the Brakes Roller Testing facility for heavy commercial vehicles in partnership with Automobile Association of Kenya (AAK) was set up at the depot.

Our robust TotalEnergies card maintains its leading position as the country's premier choice for fleet management, offering a comprehensive and secure payment solution at our retail outlets. This pioneer card seamlessly integrates with various digital services and offers real-time mobile top-up solutions for additional convenience. We will continue to leverage on our reputation of consistently and securely delivering quality goods and services to actively improve customer satisfaction. Our priority initiatives include marketing campaigns for lubricants, expanding LPG retail points of sales, developing digital solutions for product and service delivery, enhancing capacity in fuel storage and logistics, optimizing working capital, strengthening internal controls, and practicing prudent cost management.

Highlights of Financial Performance

The Company's performance remained resilient with a positive profit after tax of KShs 3,023 million (2022: KShs 2,444 million) in the challenging environment of sharp increase in fuel prices.

Gross Profit: The Company's gross margins increased to KShs 12,836million (2022: KShs 9,580 million) as a result of lower lag in price adjustment compared to previous year.

Other income increased to KShs 2,071 million (2022: KShs 1,582 million) majorly due to investing activities, increased revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to previous year.

Operating expenses: The increase in operating expenses is majorly attributable to inflation impact on local costs coupled with forex impact on imported goods and services due to depreciation of local currency. The increase in net finance costs to KShs 1,429 million (2022: KShs 353 million) is a result of high working capital requirements coupled with increased cost of borrowing. The foreign exchange losses of KShs 385 million (2022: gain of KShs 147 million) were attributable to depreciation of the local currency in the year. Investments amounted to KShs. 2,259million (2022: KShs. 2,043 million) in line with the business strategy.

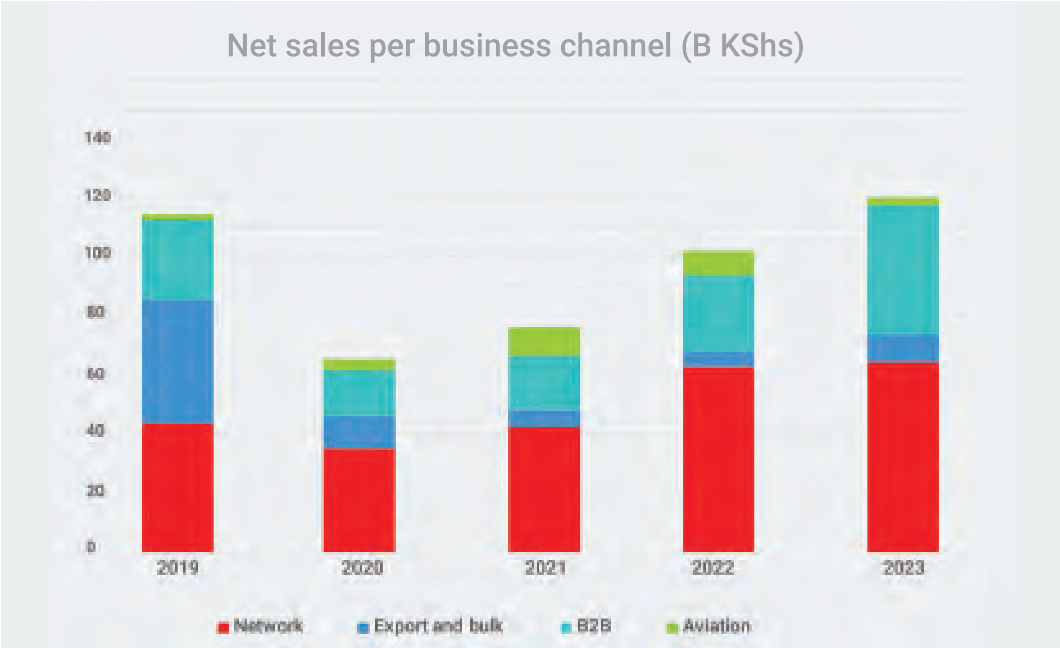
Risk Management

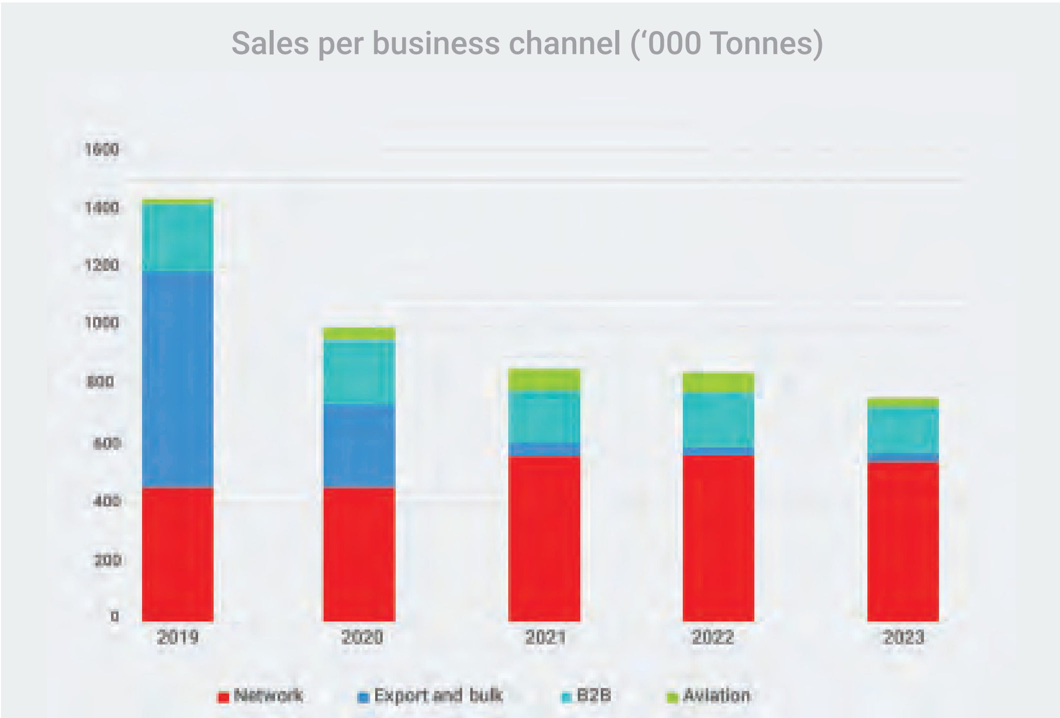
TMK risk management policy allows Management to identify, measure, manage and monitor risks across all the business functions. It provides a clear framework of risk mitigation processes in the Company's ever-changing environment. The Board Risk and Governance Committee (BRGC) headed by an independent Director, reviews the effectiveness of the process at regular intervals. This committee also reviews matters regarding compliance as well as prevention and detection of corruption and fraud. In 2023 the Company had a global risk mapping exercise where 20 risks were identified for effective monitoring. The risks identified were mainly on the following subjects: Safety, Business and General Environment plus Ethics and Compliance.

Safety risks: Safety is the cornerstone of our operational efficiency, and it is also the foundation of our collective commitment to operate sustainably. The Company does not compromise on safety, and we are mindful of our rules regarding safety which we strictly observe at all times. Training and sensitization of our staff, contractors and transporters is prioritized to enforce a strong safety culture. Near-miss reporting is highly encouraged to manage the significant operational and personal safety risks that many of our people experience every day.

Business and General Environment risks: These include the dynamic foreign exchange market, supply constraints and price risk that could adversely impact the Company sales margins through lag effect on stocks. The Company continues to make use of price risk management model to closely monitor the market and manage the pricing offers to our customers, hence minimizing the price lag effect through effective.

Ethics and Compliance risks: The Company has invested heavily in continuous sensitization of staff and stakeholders on ethics and compliance matters. A zero-tolerance policy towards fraud and corruption has been implemented and its regularly reviewed for its effectiveness. The Company equally conducts periodic training and awareness sessions on various topics on Compliance and Ethics with both staff and third parties. As part of strengthening our controls and relations with suppliers, contractors and third parties, clauses covering anticorruption, antifraud, competition law and data protection are now part of our contractual terms. Our code of conduct is regularly updated and posted in the Company website accessible to all third parties and the public.


Net sales per business channel (B KShs)
140
120
100
80
60
40
20
0
2019
2020
2021
2022
2023
Network
Export and bulk
B2B
Aviation


Sales per business channel ('000 Tonnes)
1600
1400
1200
1000
800
600
400
200
0
2019
2020
2021
2022
2023
Network
Export and bulk
B2B
Aviation


Profits (MKShs)
3,500
3,000
2,500
2,000
1,500
1,000
500
0
2019
2020
2021
2022
2023

Human Capital

The growth, personal development and engagement of our employees are central to the Company's performance and therefore a core focus area for TMK. Our values of Respect for Each Other and Safety in particular, as well as Standing Together, Performance-Mindedness and Pioneer Spirit underpin our approach to developing our people. Working at TotalEnergies is a personal, inspiring choice based on a reciprocal commitment between employees and the Company. It starts with their first job and continues throughout their career. Our People Ambition is therefore as aspirational as that of our business. Our goal is to attract and develop talent from diverse backgrounds and to promote an inclusive management style that provides an enabling environment for employees making the company a conducive place to work.

Training and development are also an integral part of the Company's commitment to attract, develop and retain talent. The objective of training is to ensure that employees are adequately equipped with the right level of skills and competencies to enable them to perform their jobs effectively. Every year, the Company conducts extensive trainings in Health, Safety, Environment & Quality (HSEQ). Additional core trainings are conducted in the field of Compliance plus Functional and Cross Functional business areas. During the year, the Company continued with the deployment of its multi energy training for all staff that is aligned to our net zero ambition by 2050. Additionally, in 2023, the Company offered an average of 6.9 training days per employee compared to 7.1 days in 2022 and against a target of 5 training days per year for each employee.

The Talent Development program whose aim is to ensure employees career growth continued to be a central pillar to our People Ambition. The program continues to achieve tremendous results with more than 66% of our entire workforce having had a role change in the last 4 years under the internal mobility process. This ensures our staff become multi-skilled and also injecting new life into their careers. On average, more than 30 employees had career reviews with their respective Talent Developers to help in exploring and realigning their individual career goals with the diverse opportunities available within the Company based on identified skills and competencies.

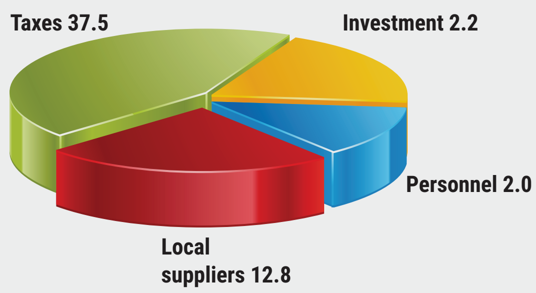
At TotalEnergies Marketing Kenya PLC, we are convinced that a diverse workforce and management of teams drives our competitiveness, ability to innovate, attractiveness and social license to operate. Employees are enabled to develop their professional skills and advance in their careers without discrimination of any kind, notably regarding ethnic origin, gender, age, disability, political or religious affiliation. In addition to this policy of non-discrimination and respect for differences, we encourage diversity to ensure that each employee feels welcome and is treated as an integral part of the Company.

The Young Graduate program launched in 2014 continues to provide young people with an opportunity to discover working life through genuine hands-on professional experience while benefiting from international exposure after graduating from university. To date, the company has trained more than 40 such graduates and retained more than 70% in various business lines. Recruitment process of 10 additional young graduates was initiated towards the end of 2023. The 18 month-long program positions the Company as a major eco-energy player and helps to increase employability of young African Graduates and Kenyans in particular. This is also in line with our objective of giving back to the communities where we operate. Our aim is to recruit at least 10 Young Graduates from diverse fields of study every 2 years.

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 37.5 billion in 2023. In addition, KShs 12.8 billion was paid to local suppliers for investments and for goods and services. Total pay-out to employees amounted to KShs 2.0 billion during the year.

Contribution to the Kenyan economy 2023 (B KShs)



Sustainability and Social Responsibility

As a major player in the energy industry, we are committed to a just transition at the heart of our roadmap. This drives our strong commitment to provide high quality energy products and solutions that are more affordable, cleaner, reliable and less carbon intensive to our customers. We are proud of our pioneering spirit in offering clean energy products and committed to addressing the collective challenges for sustainable development in order to achieve our Net Zero ambition, together with society.

Our sustainability strategy is anchored in four strategic pillars designed to deliver environmental and social impact for our company and the broader society. The four pillars encompass Energy & Climate, Acting for the Well-Being of Employees, Caring for the Environment and Having a Positive Impact for Stakeholders. They are informed by the United Nations Sustainable Development Goals.

In demonstrating our commitment to decarbonization, we have consistently reduced carbon emissions from our operated sites supported by a robust ' Go green action plan.' Historically, TMK has also been active in implementation of solar solutions with solarization of 148 service stations, 3 depots and the Head office. Furthermore, our ongoing biodiversity eco-challenge program mitigates our carbon footprint by planting over 30,000 trees annually.

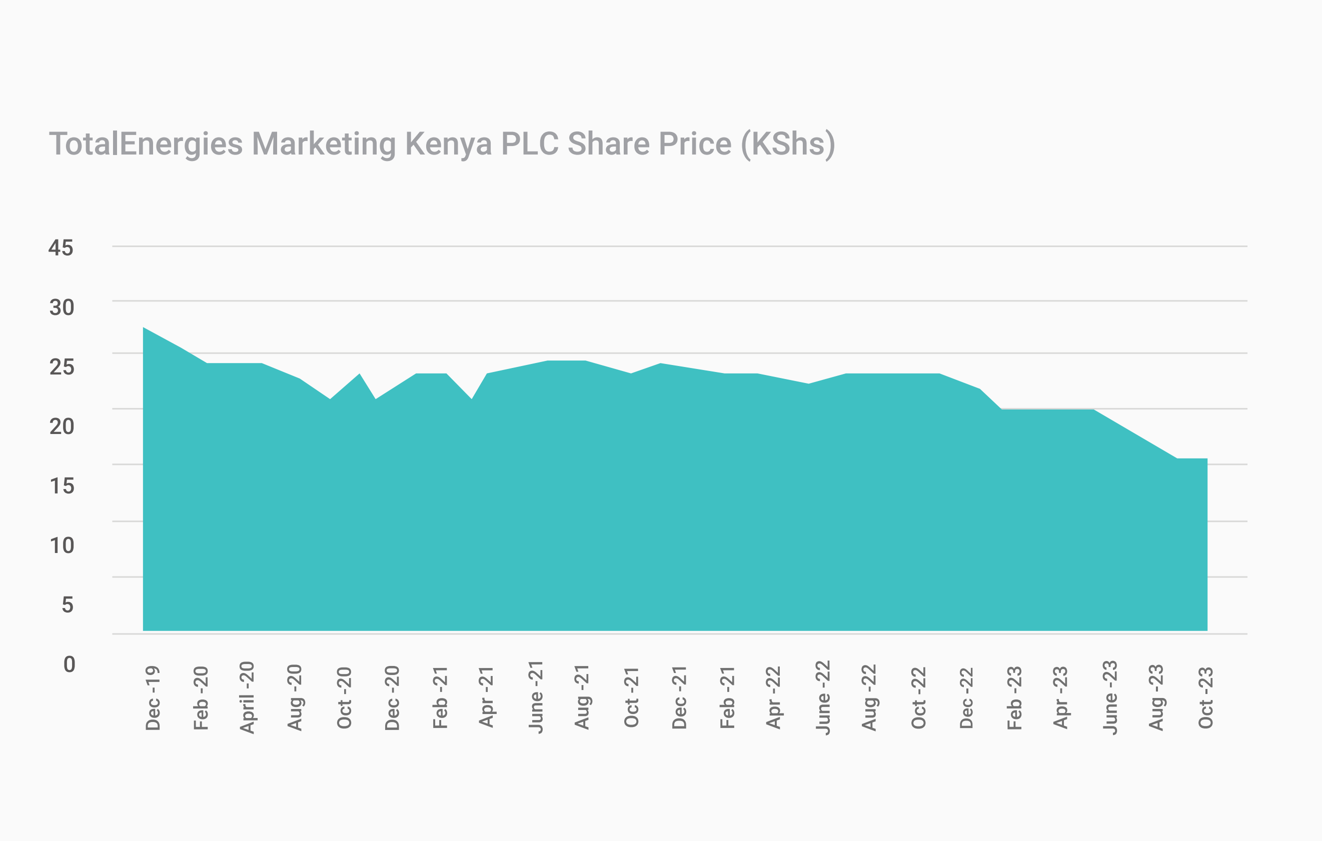
This year, we supported our customers in their decarbonization journeys, aligned with our multi-energy roadmap and the sustainability objectives. As a result of our pioneer spirit, TMK was the first OMC to launch electric bike solution with E-mobility partners and began development of 2 EV charge points in Nairobi stations. TMK also started the Biodiesel journey by launching a pilot run using the B1 blend ratio with one of our customer. Additionally, over 522,000 units of solar lamps have been sold under the Access to Energy Program, targeting last mile delivery of solar in Kenya. The Company equally took a significant step towards environmental responsibility by introducing innovative lubricant packages manufactured from Post-Consumer Recycled (PCR) plastic. This initiative was launched in June 2023 and marks a crucial milestone in the company's commitment to reducing plastic waste and promoting a more sustainable future.

People drive TMK Strategy and therefore we actively promote and champion a diverse and inclusive workplace, attracting and retaining talent. Focus is given in improving employee well-being, leading to a more engaged and productive workforce. Safety of our staff and contractors is more than a priority and it deeply ingrained in our culture. The Company believes in listening and engaging stakeholders to help us deliver our business strategy and our values of Safety, Respect For Each Other, Pioneer Spirit, Stand Together and Performance Minded remain our principle guide in relating with stakeholders.

Building on a strong history of leadership, we will deliver innovative products, services and solutions that meet society's energy needs while creating value for our customers, employees, shareholders, and the wider community. Together energizing a sustainable future.

Share Price

In 2023, TotalEnergies Marketing Kenya PLC's share price closed at an average of KShs 18.00 per share as compared to KShs 23.53 per share at end of December 2022.



SHAREHOLDERS ANALYSIS

TOP 10 SHAREHOLDERS (Including redeemable preference shares			
RANK	NAME	NO. OF 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%
	TOTALS	**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	3,051	603,112	0.10%
501-1,000	906	777,228	0.12%
1,001-5,000	1,343	3,400,338	0.54%
5,001-1,0000	370	2,772,453	0.44%
10,001-50,000	309	6,569,597	1.04%
50,001-100,000	45	3,279,088	0.52%
100,001-500,000	34	6,709,724	1.07%
500,001-1,000,000	3	2,078,060	0.33%
1,000,001-999,999,999,999	1	603,352,858	95.84%
TOTAL	**6,068**	**629,542,458**	**100%**

ii By Category of Shareholder

GROUP	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
Foreign Investors	85	595,768,737	94.64%
E.A.P.S. Individuals	5,611	25,323,845	4.02%
E.A.P.S. Institutions	372	8,449,876	1.34%
TOTAL	**6,068**	**629,542,458**	**100.00%**

4 Financial Statements

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2023, which show 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:

	2023	2022
	KShs '000	KShs '000
Profit before tax	4,619,420	3,802,994
Tax charge	(1,596,496)	(1,358,667)
Profit for the year	3,022,924	2,444,327
Other comprehensive income	(203,649)	-
Total comprehensive income	**2,819,275**	**2,444,327**

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 1.92 (2022: KShs 1.31) per share equivalent to a total amount of KShs 1,209 million (2022: 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 landscape continued to face challenges in 2023 primarily due to depreciating currency, unavailability of dollars and inflation. Global geopolitical tensions persistently impacted the petroleum product prices, resulting in elevated fuel prices.

Customers are at the core of the business, and the Company consistently prioritizes understanding their needs to deliver excellent products and services. As the Company works towards achieving net zero by 2050 it remains dedicated to staying closely connected to the customers. This drive arises from the ambition to assist customers to reduce their carbon footprint.

The Company is determined to continuously expand the range of products and services offered through innovative solutions. It remains focused on the key business development strategies that include; the development of new service stations, upgrading of existing service stations, deployment of mobility shops, development of food and services, solarization of service stations, lubricants marketing campaigns, development of LPG retail points, digital solutions for delivery of products and services, working capital optimization, enhancing internal controls and prudent cost management.

Guided by the core values of safety, respect for each other, pioneering spirit, standing together and a performance-minded attitude, the Company has remained steadfast in its commitment to meeting the ever-growing demand for energy and services as required by customers. The core values together with the Company's Code of Conduct provides the framework for conducting business.

Growth and Investments

To expand the business, the Company is actively developing the retail sites that serve as convenient hubs. The sites are equipped with integrated facilities offering a diverse range of products and services. Throughout the year, the Company grew its network by commissioning ten new service stations across the country. In addition, several existing service stations were renovated to maintain high quality of service and safety standards.

The Company continued allocating resources for investment in key projects that includes the Mobility shop concept, car wash facilities, Quartz Auto service centres and upgrade of the depot's facilities. Additionally, it established strategic partnerships with third parties to improve the customer experience at the service stations.

A Culture of Diversity

Diversity of talent and management is a decisive lever for progress in the Company as it fosters the competitiveness, the capacity for innovation and attractiveness. The Company considers all talents within the teams and recognizes that the talents are important. Diversity is contributing greatly to the achievement of the transition that the Company has dedicated itself to, ensuring that nobody is left behind.

The Better Together initiative implemented by the Company has put into place a series of measures aimed at fostering a positive workplace environment. The Company has empowered all employees to actively manage their career growth, particularly through resources like the internal mobility platform and relevant training opportunities they deem beneficial for their personal development.

Deployment of Multi Energy Strategy

The Company reaffirms its ambition to be a major player in the energy transition to attain carbon neutrality by 2050, together with society. The multi-energy strategy provides various energy options aimed at supporting a just, orderly, and equitable transition away from fossil fuels. The Company is building a strong position to assist in the energy transition of its customers. It continues to develop the multi energy strategy based on four pillars namely, position the Company as an independent energy 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. The risk management process involves identification of key business processes,

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2023

assessing the major risks to these processes and implementation of appropriate control systems. The risk management process is linked to the Company's long-term plan as it targets to identify factors that could impact the achievement of its operational objectives.

This approach is a continuous process that takes consideration of contributions from all business segments.

The Company's Board has the responsibility of identifying key business risks and analyzing internal and external risks that could impact the achievement of the Company's objectives. For this purpose, it has put in place the Board Risk and Governance Committee which ensures that the Company has mapped the risks to which it is exposed to and that efficient risk management systems are suitable.

The major risks include**: Safety** is a core value for the Company and as such, the Company implements various preventive and detective measures to avoid accidents. The Company continues to train and sensitise its staff, as well as all its stakeholders including dealers, 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, risks related to change management and general environmental risks. In addition, 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

During the year, the business environment remained challenging due to volatile macro-economic conditions. The international oil and gas prices declined while local currency depreciated against the US dollar due to global shifts in macro-economic and geopolitical situations.

The Company's performance remained resilient with a positive profit after tax of KShs 3,023 million (2022: KShs 2,444 million) in the challenging environment of sharp increase in fuel prices.

The Company's gross margins increased to KShs 12,836 million (2022: KShs 9,580 million) majorly impacted by lower lag in price adjustment compared to previous year. Other income increased to KShs 2,071 million (2022: KShs 1,582 million) majorly due to investing activities, increased revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties which increased in the year compared to previous year.

The increase in operating expenses was majorly attributable to inflation impact on local costs coupled with forex impact on imported goods and services due to depreciation of local currency. The increase in finance costs to KShs 2,319 million (2022: KShs 920 million) was as a result of high working capital requirements coupled with increased cost of borrowing.

The foreign exchange losses of KShs 385 million (2022: gain of KShs 147 million) were attributable to depreciation of the local currency in the year.

The Company's statement of financial position remained strong with total assets of KShs 75.32 billion (2022: KShs 73.04 billion). The Company invested KShs 2,259 million (2022: KShs 2,043 million) in line with the business strategy to enhance its logistics, network and continue to build a profitable and sustainable multi-energy company.

Sustainability

As a major energy player in the energy industry, the Company is committed to a just transition at the heart of its roadmap. This drives its strong commitment to provide high quality energy products and solutions that are more affordable, cleaner, reliable and less carbon intensive to its customers. The Company is proud of pioneering spirit in the service of energy and committed to this new path of collective challenges for sustainable development and achieving its net zero ambition, together with society.

The Company's sustainability strategy is anchored by four strategic pillars designed to deliver environmental and social impact for the Company and the broader society. The four pillars encompass Energy and Climate, Acting for the Well-Being of Employees, Caring for the Environment and Having a Positive Impact for Stakeholders and are informed by the United Nations Sustainable Development Goals.

Demonstrating its commitment to decarbonization, the Company has consistently reduced carbon emissions from its operated sites supported by a robust 'Go green action plan'. Historically, the Company has also been active in implementation of solar solutions with the solarization of 148 service stations, 3 of its depots and the head office. Furthermore, the Company's ongoing biodiversity eco-challenge program mitigates its carbon footprint by planting of over 30,000 trees annually.

During the year, the Company supported its customers in their decarbonization journeys, aligned with its multi-energy roadmap and the sustainability objectives. As a result of its pioneer spirit, the Company was the first oil marketer company to launch electric bike solution with E-mobility partners and installed 2 EV charge points in Nairobi stations. The Company also started the Biodiesel journey by launching a pilot run with the B100 blend with one transporter. Additionally, over 522,000 units of solar lamps have been sold under the Access to Energy Program, targeting last mile delivery of solar in Kenya.

People drive the Company's strategy, therefore it actively promotes and champions a diverse and inclusive workplace, attracting and retaining talent and work in improving employee well-being, leading to a more engaged and productive workforce.

For the Company, safety of the staff and contractors is more than a priority, it is a core value deeply ingrained in its culture, and the Company is relentlessly committed to achieving its goal of zero fatalities in its operations. The Company also believes in listening and engaging its stakeholders to help deliver its business strategy. The Company's values which have been of Safety, Respect for Each Other, Pioneer Spirit, Stand Together and Performance Minded are the guide to the Company's actions as well as its relations with its stakeholders.

Building on a strong history of leadership, the Company will deliver innovative products, services and solutions that meet society's energy needs while creating value for its customers, employees, shareholders, and the wider community. Together energizing a sustainable future.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2023

Outlook for 2024

The business environment remains challenging due to the volatility and high levels of global fuel prices. Despite this particularly challenging context, the Company 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 11,871,110 has been charged to profit or loss in the year as disclosed in Note 6 (a) to the financial statements.

By Order of the Board

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J L G Maonga

Secretary

26th April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 26th April 2024 and signed on its behalf by:

…………………………………………………

Director: Eric Fanchini

…………………………………………………

Director: Lawrencia Gichatha

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023. The aggregate directors' emoluments are shown in Note 20 (vi).

31 December 2023

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	37,174	5,008	-	-	21,272	63,454
Lawrencia Gichatha	Finance Manager	Executive	17,936	1,656	-	-	99	19,691
Adele Tura	Strategy and Corporate Affairs Director	Executive	24,634	1,702	-	-	163	26,499
Jean- Phillipe Torres		Non-executive	-	-	-	-	-	-
Joseph Karago		Non-executive	-	-	2,000	2,040	-	4,040
Maurice K'Anjejo		Non-executive	-	-	2,000	1,920	-	3,920
Guillame Navez		Non-executive	-	-	-	-	-	-
Catherine Musakali	Appointed on 27 November 2023	Non-executive	-	-	-	-	-	-
Totals			**79,744**	**8,366**	**4,000**	**3,960**	**21,534**	**117,604**
Summary								
Cash emoluments			79,744	8,366	4,000	3,960	-	96,070
Non-cash emoluments			-	-	-	-	21,534	21,534
Totals			**79,744**	**8,366**	**4,000**	**3,960**	**21,534**	**117,604**

Olagoke Aluko, Jean-Phillipe Torres and Guillame Navez are remunerated by TotalEnergies SE the holding 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 2023

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, appointed on 22 December 2021, resigned as Managing Director on 16 August 2021	Non-executive	-	-	-	-	-	-
Eric Fanchini	Managing Director, appointed on 16 August 2021	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	Strategy and Corporate Affairs Director, resigned on 21 september 2022	Executive	17,956	900	-	-	94	18,950
Jean- Phillipe Torres	Appointed on 2 December 2021 Resigned as Chairman on 21 September 2021	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 holding 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTALENERGIES MARKETING KENYA PUBLIC LIMITED COMPANY

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 109 to 151, which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the 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 Kenya, 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 period. These matters were 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 these matters. For each matter below, our descriptions of how our audit addressed the matters 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How the matter was addressed
Accounting for amounts receivable from Kenya Petroleum Refineries Limited (KPRL) relating to fuel yield shifts	
As disclosed in Note 19 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 mode of operations from Toll Mode to Merchant Mode and then to hospitality services. During the year, KPRL was acquired by Kenya Pipeline Company (KPC). The recovery of these yield shifts is a matter of discussion between the Company together with Attorney General's office, the Ministry of Energy and Petroleum (MoE&P), the Energy and Petroleum Regulatory Authority (EPRA), National Treasury, KPRL and KPC. 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 19 to the financial statements are significant to the understanding of the Company's financial statements.	Our procedures included, but were not limited, to the following: a) We reviewed the following: - • the available KPRL statement and confirmation of the yield shifts due to the Company; • the KPRL confirmation to EPRA of the value of yield shifts owing to Oil Marketing Companies (OMCs); • the forensic audit report of the KPRL yield shift numbers commissioned under the direction of the MoE&P; 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 and forensic audit report. 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 forensic audit report and checked that the differences were reconciled. c) We held meetings with management and the lawyer handling the matter on behalf of the industry to understand the updates on the matter during the year. d) We evaluated the Company's disclosures on this matter in Note 19 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matter	How the matter was addressed
Accounting for receivables relating to government's fuel subsidies and recoverable prudent costs.	
As disclosed in Note 19, to the financial statements, included in trade receivables are amounts related to government's fuel subsidies and receivables related to prudent costs incurred in the supply of petroleum products by the Company that are recoverable under the Petroleum (Pricing) Regulations, 2022. The assessment of recoverability and timing of recovery of these amounts involves significant estimates and judgment, we have therefore identified the audit of these amounts as key audit matter. The estimation of the timing of recovery is dependent on the agreement with the various stakeholders and regulators in the Kenyan oil industry and is also based on Petroleum (Pricing) Regulations, 2022. We also considered that the disclosures on this matter in Note 19 to the financial statements are significant to the understanding of the Company's financial statements.	Our procedures included, but were not limited, to the following: a) We held meetings with management to understand the background, mechanism and timing of recovery. b) We obtained and reviewed management workings forming the basis of these receivables against the available supporting documentation. c) We checked that the amounts meet the assets recognition criteria in line with the requirements of International Financial Reporting Standards (IFRS). d) We obtained and reviewed the correspondences between the Company and other OMCs, and Petroleum Institute of East Africa (PIEA) and EPRA, and obtained confirmations of these amounts where applicable. e) We evaluated the Company's disclosures on this matter in Note 19 to the financial statements.

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 in the manner required by 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.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore key audit matters. We describe these matters in our auditor's report unless 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 100 to 103 is consistent with the financial statements; and,

ii) in our opinion, the auditable part of directors' remuneration report on pages 104 and 105 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

30th April 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 KShs'000	2022 KShs'000
Revenue from contracts with customers		156,432,095	141,346,899
Indirect taxes and duties		(35,713,695)	(38,544,483)
Net revenue from contracts with customers	3	120,718,400	102,802,416
Cost of sales	4	(107,882,717)	(93,222,522)
Gross profit		12,835,683	9,579,894
Other income	5	2,071,216	1,581,647
Operating expenses	6 (a)	(8,040,363)	(7,119,539)
Net allowance for expected credit losses	6 (b)	(433,816)	(33,219)
Finance income	7 (a)	890,932	567,259
Finance costs	7 (b)	(2,319,090)	(919,890)
Net foreign exchange (loss)/ gain	7 (c)	(385,142)	146,842
Profit before tax	8	4,619,420	3,802,994
Tax charge	9 (i)	(1,596,496)	(1,358,667)
Profit for the year		3,022,924	2,444,327
Other comprehensive income/ (loss)			
Items that may be reclassified subsequently to profit or loss:			
Valuation losses through OCI	16	(393,169)	-
Related deferred tax		-	-
Movement in expected credit loss on Government securities at FVOCI			
Changes in allowance for expected credit losses	6 (b)	189,520	-
Related deferred tax		-	-
Other comprehensive income, net of tax		(203,649)	-
Total comprehensive income for the year		**2,819,275**	**2,444,327**
Earnings per share (basic and diluted) (KShs)	**10**	**4.48**	**3.88**

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023	2022
ASSETS		**KShs'000**	**KShs'000**
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	12	12,193,328	11,732,456
Right-of-use assets	13	1,305,390	1,501,274
Goodwill	14	416,679	416,679
Intangible assets	15	307,045	297,103
Government securities held at FVOCI	16	7,743,929	-
Deferred tax assets	17	612,209	405,543
Total non-current assets		22,578,580	14,353,055
CURRENT ASSETS			
Inventories	18	13,057,279	11,890,143
Trade and other receivables	19	29,424,340	26,059,025
Amounts due from related companies	20 (i)	2,377,052	1,120,612
Cash and bank balances	25 (ii)	7,878,221	19,595,935
Total current assets		52,736,892	58,665,715
Non-current assets classified as held for sale	21	-	24,364
		52,736,892	58,690,079
TOTAL ASSETS		**75,315,472**	**73,043,134**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	9,974,771	9,974,771
Share premium	23	1,967,520	1,967,520
Fair value reserve		(203,649)	-
Retained earnings		20,486,381	18,288,158
		32,225,023	30,230,449
NON-CURRENT LIABILITIES			
Trade and other payables	24	798,434	824,398
Lease liability	13	700,729	721,945
Provisions	24	304,656	299,975
		1,803,819	1,846,318
CURRENT LIABILITIES			
Lease liability	13	105,807	285,585
Trade and other payables	24	26,233,324	19,065,069
Tax payable	9 (iii)	319,095	306,613
Amounts due to holding company	20 (iii)	7,005,357	5,075,072
Amounts due to related companies	20 (ii)	2,030,025	1,664,220
Short-term loans	25(ii)	-	6,200,000
Bank overdrafts	25(ii)	5,593,022	8,369,808
		41,286,630	40,966,367
TOTAL EQUITY AND LIABILITIES		**75,315,472**	**73,043,134**

The financial statements were approved and authorised for issue by the Board of Directors on 26th April 2024 and were signed on its behalf by:

…………………………………………………… ……………………………………………

Director – Eric Fanchini

Director – Lawrencia Gichatha

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium	Retained earnings	Fair value reserve	Total equity
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
	(Note 22)	(Note 23)			
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**
As at 1 January 2023	9,974,771	1,967,520	18,288,158	-	30,230,449
Dividends declared – 2022 (Note 11)	-	-	(824,701)	-	(824,701)
Profit for the year	-	-	3,022,924	-	3,022,924
Other comprehensive income	-	-	-	(203,649)	(203,649)
Total comprehensive income	-	-	3,022,924	(203,649)	2,819,275
As at 31 December 2023	**9,974,771**	**1,967,520**	**20,486,381**	**(203,649)**	**32,225,023**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		**KShs'000**	**KShs'000**
Cash generated from/ (used in) operations	25 (i)	3,231,317	(296,182)
Tax paid	9 (iii)	(1,790,680)	(1,293,468)
Net cash generated from/ (used in) operating activities		1,440,637	(1,589,650)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(2,204,427)	(1,916,458)
Purchase of intangible assets	15	(54,942)	(106,568)
Purchase of leasehold land	13	-	(20,006)
Interest received on Government securities at FVOCI		513,979	-
Interest received on bank deposits	7 (a)	890,932	567,259
Proceeds on disposal of intangible assets, property, plant and equipment		10,588	15,381
Net cash used in investing activities		(843,870)	(1,460,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest payments on borrowings	7 (b)	(2,249,975)	(839,801)
Lease liability payments – principal	13	(217,653)	(162,623)
Lease liability payments – interest	13	(72,376)	(81,407)
Dividends paid	11 (a)	(819,769)	(824,659)
Net cash used in financing activities		(3,359,773)	(1,908,490)
Net decrease in cash and cash equivalents		(2,763,006)	(4,958,532)
Effect of exchange rate changes on cash and cash equivalents		22,078	(115,797)
Cash and cash equivalents as at 1 January		5,026,127	10,100,456
Cash and cash equivalents as at 31 December	**25 (ii)**	**2,285,199**	**5,026,127**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICY INFORMATION

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 2023. The new standards and amendments effective of as of 1 January 2023 are listed below:

New standards or amendments	Effective for annual period beginning on or after
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
International Tax Reform - Pillar two model rules - Amendment to IAS 12	1 January 2023

The standards/amendments that had an impact on the Company are as discussed below:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2023.

Effective for annual periods beginning on or after 1 January 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Effective for annual periods beginning on or after 1 January 2025:

- Lack of exchangeability – Amendments to IAS 21

Effective date postponed indefinitely:

- Sale or Contribution of Assets between an Investor andits 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 2023

1. ACCOUNTING POLICY INFORMATION

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, non-cash 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 non-cash 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.

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FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICY INFORMATION

d) Business combinations (Continued)

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.

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.

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1. ACCOUNTING POLICY INFORMATION

iii) Short-term leases and leases of low-value assets

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

Company as a lessor

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

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

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

g) Property, plant and equipment

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

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

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.

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, if not met the asset is reclassified to property, plant and

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1. ACCOUNTING POLICY INFORMATION

equipment and right-of-use asset and measured at carrying amount.

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.

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.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation. The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company's debt instruments at fair value through OCI includes investments in government securities included under non-current assets. Interest income and foreign exchange gains

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and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in note 1 (u).

The Company does not have any 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.

For debt instruments at fair value through OCI, the Company applies the general approach in calculating ECLs. The Company's debt instruments at fair value through OCI comprise solely of government bonds which are considered to be low credit risk investments. At every reporting date, the Company evaluates whether there has been a significant increase in credit risk on the financial instrument since initial recognition and recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs. The Company's probabilities of default are based on the credit ratings obtained from credit agencies such as Fitch. A 12-month PD is applied for stage 1 exposures where there has not been significant increase in credit risk since initial recognition. A Lifetime PD is applied to stage 2 exposures where there has been significant increase in credit risk since initial recognition. The days to maturity of the exposure are used to map the appropriate lifetime PD. The Company applies Loss Given Default percentages based on the industry in which the counterparty operates in.

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. Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. This may be due to the high cost associated with recovery efforts rendering it uneconomical to further pursue the borrower or where the Company has no recourse with regards to security and all recovery avenues have been exhausted.

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

- Disclosures for accounting judgments and key sources of estimation (Note 2)
- Trade receivables (Note 19)
- Government securities held at FVOCI (Note 16)

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1. ACCOUNTING POLICY INFORMATION

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 realize 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

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1. ACCOUNTING POLICY INFORMATION

against which to utilize 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. Unrecognized 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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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

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

(iii) Value added tax

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

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

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

(iv) Uncertain tax position

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

n) Employee entitlements

i) Retirement benefit costs

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

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

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

ii) Leave

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

iii) Bonus

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

o) Dividends

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

p) Earnings per share

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

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized 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.

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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.

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.

u) Finance income/finance cost

This comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both finance income and finance expense to provide symmetrical and comparable information. In its finance income/expense calculated using the effective interest method, the Company only includes interest on financial instruments in note 29 (iii).

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit impaired, the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

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

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2. ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 2023 was KShs 416,679,000 (2022 – KShs 416,679,000) and no impairment loss was recognised during the year. Further details on goodwill are given in Notes 1 (e) and 14.

Useful lives of property, plant and equipment

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

Contingent liabilities

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

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

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 analyzed.

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 is disclosed in Notes 19 and 29 (ii).

Impairment of non-financial assets

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

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

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

i) there are observable indications that the asset's value has declined during the period significantly more than would be expected because 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 capitalization.

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2. ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 17.

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.

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

	2023	2022
	KShs'000	KShs'000
General trade	33,234,789	24,744,378
Network	77,248,293	62,237,095
Aviation	2,154,773	10,025,643
Export and bulk	8,080,545	5,795,300
Total net sales	**120,718,400**	**102,802,416**
(ii) Geographical analysis		
Local sales	112,637,855	97,007,117
Export sales	8,080,545	5,795,299
Total net sales	**120,718,400**	**102,802,416**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. COST OF SALES

	2023	2022
	KShs'000	KShs'000
Product purchases	101,283,745	86,924,841
Other variable costs*	6,598,972	6,297,681
	107,882,717	93,222,522

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

5. OTHER INCOME

	2023	2022
	KShs'000	KShs'000
Rental income	1,218,774	1,216,647
Commission income	166,514	136,733
Interest from government securities	557,118	-
Sundry income*	128,810	228,267
	2,071,216	1,581,647

*Sundry income mainly includes cylinder deposits and credits as per the Company's policy on the management of liquified petroleum gas business (Note 24). The cylinder assets relating to these deposits are fully depreciated.

6 (a)OPERATING EXPENSES

	2023	2022
	KShs'000	KShs'000
Directors' emoluments – fees [Note 20 (vi)]	7,960	10,080
- other cash emoluments [Note 20 (vi)]	88,110	83,822
Payroll and staff costs [Note 6 (a) (i)]	1,902,488	1,733,381
Depreciation on property, plant and equipment (Note 12)	1,763,272	1,682,879
Depreciation on right-of-use assets (Note 13)	217,844	244,982
Amortisation of intangible assets (Note 15)	45,000	35,733
Repairs and maintenance	757,588	665,510
General assistance [Note 20 (iv)]	961,828	746,689
Utilities	431,763	470,084
Expense relating to variable leases and short-term leases	278,353	252,538
Other expenses*	298,873	277,270
Legal and other professional fees	614,643	236,146
Advertising and promotion	404,310	410,698
Travelling	150,458	128,201
Insurance	105,002	131,535
Auditors' remuneration		
-Statutory audit	11,871	9,066
-Other non-audit services	1,000	925
	8,040,363	7,119,539

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6 (a) OPERATING EXPENSES

(i) PAYROLL AND STAFF COSTS

	2023	2022
	KShs'000	KShs'000
Wages and salaries	1,266,175	1,185,297
Pension costs – defined contribution plan and NSSF	175,398	171,998
Staff medical costs	117,963	77,084
Staff training costs	46,116	17,700
Staff motor vehicle, mileage and other costs	296,836	281,302
Total personnel expenses	**1,902,488**	**1,733,381**
Average number of employees (permanent staff)	**365**	**377**

6 (b) ALLOWANCE FOR EXPECTED CREDIT LOSSES

Increase in expected credit losses on trade receivables	188,113	33,219
Increase in expected credit losses on other receivables	56,183	-
Increase in credit loss on government securities held at FVOCI	189,520	-
	433,816	**33,219**

7. (a) FINANCE INCOME

Interest income on bank deposits	**890,932**	**567,259**

(b) FINANCE COSTS

Interest on short term borrowings	2,249,975	839,801
Interest expense on lease liability (Note 13)	69,115	80,089
	2,319,090	**919,890**

(c) NET FOREIGN EXCHANGE (LOSS) /GAIN

Realised foreign exchange gain/ (loss)	132,300	(84,293)
Unrealised foreign exchange (loss)/ gain	(517,442)	231,135
Net foreign exchange (loss)/ gain	**(385,142)**	**146,842**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

	2023	2022
	KShs'000	KShs'000
Payroll and staff costs [Note 6 (a) (i)]	1,902,488	1,733,381
Depreciation on property, plant and equipment (Note 12)	1,763,272	1,682,879
Depreciation on right-of-use assets (Note 13)	217,844	244,982
Amortization of intangible assets (Note 15)	45,000	35,733
Directors' emoluments		
-Fees [Note 6 (a)]	7,960	10,080
-Other emoluments [(Note 6 (a)]	88,110	83,822
-Non-cash emoluments [Note 20 (vi)]	21,534	22,320
Auditors' remuneration [(Note 6 (a)]	11,871	9,066
Net foreign exchange loss [Note 7 (c)]	**385,142**	-
And after crediting:		
Net foreign exchange gain [Note 7 (c)]	-	**(146,842)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. TAX

(i) Tax charge

	2023	2022
Current income tax:	**KShs'000**	**KShs'000**
- Current income tax charge	1,821,937	1,370,346
Deferred tax:		
- Relating to origination and reversal of temporary differences [Note 17 (ii)]	(206,666)	(11,679)
Adjustments in respect of tax assessment for previous years	(18,775)	-
	1,596,496	**1,358,667**

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

	2023	2022
Accounting profit before tax	4,619,420	3,802,994
Tax at the applicable rate of 30%	1,385,826	1,140,898
Tax effect of expenses not deductible for tax*	229,445	217,769
Adjustments in respect of tax assessment for previous years	(18,775)	-
Tax charge	**1,596,496**	**1,358,667**

*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 recoverable

	2023	2022
	KShs'000	**KShs'000**
Balance at 1 January	(306,613)	(229,735)
Adjustments in respect of tax assessment for previous years	18,775	-
Charge to profit or loss	(1,821,937)	(1,370,346)
Payments during the year	1,790,680	1,293,468
Balance at 31 December	**(319,095)**	**(306,613)**

Corporation tax for the year has been computed at 30% (2022:30%).

Deferred tax has been computed at 30% (2022:30%) 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 2023

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:

	2023	2022
	KShs'000	KShs'000
Total comprehensive income/ profit for the year	2,819,275	2,444,327
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)	4.48	3.88
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

	2023	2022
	KShs'000	KShs'000
a) Dividends payable		
The movement in dividends payable is as follows:		
At 1 January	42	-
Final dividend declared 2021 and 2022	824,701	824,701
Dividend paid	(819,769)	(824,659)
Balance at 31 December	4,974	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):	1,208,721	824,701
Dividends per share on declared/proposed dividends for the year (based on number of shares per Note 21)	KShs 1.92	KShs 1.31

In respect of the current year, the directors propose that a first and final dividend of KShs 1.92 (2022: KShs 1.31) per share amounting to KShs 1,209 million (2022: 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.

The dividends payable as at 31 December 2023 is included in trade and other payables.

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 2023

12. PROPERTY, PLANT AND EQUIPMENT

(i) Year ended 31 December 2023

	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 2023	223,124	7,353,232	20,489,856	855,199	134,603	29,056,014
Additions	-	262,117	1,291,565	63,371	587,374	2,204,427
Transfers*	-	1,185	100,869	25,161	(127,215)	-
Reclassification from assets held for sale**	-	9,762	87,850	481	-	98,093
Disposals	-	(4,666)	(45,284)	(741)	--	(50,691)
At 31 December 2023	223,124	7,621,630	21,924,856	943,471	594,762	31,307,843
DEPRECIATION						
At 1 January 2023	-	3,690,956	12,902,722	729,881	-	17,323,559
Charge for the year	-	349,650	1,346,278	67,345	-	1,763,273
Reclassification from assets held for sale	-	1,805	73,483	480	-	75,768
Disposals	-	(4,608)	(42,736)	(741)	-	(48,085)
At 31 December 2023	-	4,037,803	14,279,747	796,965	-	19,114,515
NET CARRYING AMOUNT						
At 31 December 2023	**223,124**	**3,583,827**	**7,645,109**	**146,506**	**594,762**	**12,193,328**

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

**Transfers from non- current assets held for sale at a net book value of KShs 22,324,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. PROPERTY, PLANT AND EQUIPMENT

(ii) Year ended 31 December 2022

	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 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 equipments.

(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 2023 (2022: Nil).

Based on an impairment review performed by the directors as at 31 December 2023, no indications of impairment of property, plant and equipment were identified (2022: none).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	Lease hold land	Total
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2022	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**
Additions	19,920	-	-	19,920
Reclassification from assets held for sale*	-	-	2,040	2,040
Depreciation expense	(205,890)	(76)	(11,878)	(217,844)
At 31 December 2023	**1,002,189**	**4**	**303,197**	**1,305,390**

* Transfers from non- current assets held for sale at a net book value of KShs 2,040,000.

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

	2023	2022
	KShs'000	KShs'000
As at 1 January	1,007,530	1,171,471
Additions	19,920	-
Accretion of interest [Note 7 (b)]	69,115	80,089
Payments- principal	(217,653)	(162,623)
Payments- interest	(72,376)	(81,407)
At 31 December	**806,536**	**1,007,530**
Current portion	105,807	285,585
Non-current portion	700,729	721,945
	806,536	**1,007,530**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. LEASES (CONTINUED)

The following are the amounts recognised in profit or loss:

	2023	2022
	KShs 000	KShs 000
Depreciation expense of right-of-use assets [Note 6 (a)]	217,844	244,982
Interest expense on lease liability [Note 7 (b)]	69,115	80,089
Expense relating to variable leases (included in administrative expenses) [Note 6 (a)]	173,984	175,561
Expense relating to short term leases [Note 6 (a)]	104,369	76,977
Total amount recognised in profit or loss	**565,312**	**577,609**

The Company had total cash outflows for leases of KShs 290,029,000 in 2023 (2022: KShs 244,030,000), KShs 72,376,000 was for repayment of interest, KShs 217,653,000 being repayment of principal (2022: KShs 81,407,000 was for repayment of interest, 162,623,000 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 1,218,774,000 (2022: KShs 1,216,647,000) (Note 5).

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

	2023	2022
	KShs'000	KShs'000
Maturing within one year	397,500	387,415
Maturing over one year to five years	2,126,623	2,033,929
Maturing after five years	2,275,487	2,135,625
Total operating lease commitments	**4,799,610**	**4,556,969**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

14. GOODWILL

	2023 KShs 000	2022 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 seven-year period.

The Company has used a seven-year period in line with its seven-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 7 years in 2024 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.

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 seven-year period, and a discount rate of 11% per annum (2022: 11% per annum).

At 31 December 2023, no impairment loss was assessed (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

	2023	2022
	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 seven-year period, and a discount rate of 11% per annum (2022: 11% per annum). The Company has used a seven-year period in line with its seven-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 7 years in 2024 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 2023, no impairment loss was assessed (2022: 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 2023

15. INTANGIBLE ASSETS

	2023	2022
	KShs'000	KShs'000
COST		
At 1 January	728,725	707,900
Additions	54,942	106,568
Transfers from capital work-in-progress (note 12) *	-	3,835
Disposals	-	(89,578)
At 31 December	783,667	728,725
AMORTISATION		
At 1 January	431,622	485,435
Charge for the year	45,000	35,733
Disposals	-	(89,546)
At 31 December	476,622	431,622
NET CARRYING AMOUNT		
At 31 December	**307,045**	**297,103**

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. GOVERNMENT SECURITIES HELD AT FVOCI

	2023	2022
	KShs'000	KShs'000
Government securities-FVOCI	7,743,929	-

The change in the carrying amount of Government securities at FVOCI is as shown below.

As at 1 January	-	-
Additions	8,164,002	-
Changes in fair value	(393,169)	-
Amortisation of premium	(26,904)	-
As at 31 December	**7,743,929**	-

The Government securities relates to fuel subsidy receivable that was converted to treasury bonds during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAX ASSETS

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

	2023 KShs'000	2022 KShs'000
Accelerated depreciation	216,087	194,475
Legal costs provision	91,397	89,992
Allowance for expected credit losses	230,005	156,716
Unrealised exchange gain	61,813	(156,851)
Unrealised exchange loss	-	138,938
Leases	(45,380)	(38,475)
Inventory provision	26,589	7,068
Provision for LPG cylinder loss	342	-
Provision for retirement benefits	5,438	224
Leave provision	8,374	6,554
Bonus provision	13,272	6,902
Lubes deviation charges	4,272	-
Net deferred tax assets	**612,209**	**405,543**

(ii) Movement on the deferred tax account is as follows:

	2023	2022
At 1 January	405,543	393,864
Deferred tax credit recognized in profit or loss [Note 9 (i)]	206,666	11,679
At 31 December	**612,209**	**405,543**

Deferred tax is estimated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2022 - 30%).

18. INVENTORIES

	2023 KShs'000	2022 KShs'000
Refined products	8,205,582	8,316,225
Raw materials	4,639,560	3,286,815
Consumables and accessories	212,137	287,103
	13,057,279	**11,890,143**

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 2023, there was a movement in provision for inventories of KShs 3,287,000 (2022: KShs 33,987,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. TRADE AND OTHER RECEIVABLES

	2023	2022
	KShs'000	KShs'000
Trade receivables*	27,187,952	22,800,417
Allowance for expected credit losses (Net allowance) [note 29]	(999,348)	(811,235)
	26,188,604	21,989,182
Other receivables and prepayments**	1,770,677	2,671,966
Allowance for expected credit losses	(56,183)	-
	1,714,494	2,671,966
Recoverable taxes***	1,521,242	1,397,877
	29,424,340	**26,059,025**

**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.

*Government's fuel subsidies and receivables related to prudent costs incurred in the supply of petroleum products

Included in trade receivables are government's fuel subsidies and prudent costs incurred in the supply of petroleum products by the Company that are recoverable under the Petroleum (Pricing) Regulations, 2022.

The recovery mechanism of these receivables under the Petroleum (Pricing) Regulations, 2022, is in the normal course of operations of the Company's business. The timing, however, is determined by ongoing discussions between Oil Marketing Companies, EPRA and the Ministry of Energy and Petroleum. Based on Management assessment the amounts are fully recoverable, and no further adjustment is required.

*Amounts receivable from KPRL

Included in 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. The classification to other receivables was necessitated by ongoing discussions on the modalities of the recovery of the amounts as discussed below.

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.

In October 2023, Kenya Pipeline Company (KPC) acquired KPRL through 100% transfer of shares from National Treasury making KPRL a subsidiary of KPC. As at 31 December 2023, the Company had taken appropriate measures to recover the value of this receivable. These measures include ongoing discussions with KPRL, the Ministry of Energy and Petroleum 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 entity organised 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 lawyer, under which the firm engages the authorities on behalf of the oil marketers.

As at 31 December 2023, management is confident that these amounts relating to yield shifts and fuel inventories are fully recoverable, the amounts have been assessed for allowance for expected credit loss and no further adjustment is required.

The carrying amount of Government subsidies and receivables related to prudent costs incurred in the supply of petroleum products, and amounts receivable from KPRL have 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Allowance for expected credit losses

As at 31 December 2023, trade receivables of KShs 999,348,000 (2022: KShs 811,235,000) were impaired and fully provided for. See below for the movement in the provision for impairment of receivables.

	2023	2022
	KShs'000	KShs'000
At 1 January	(811,235)	(778,016)
Increase in allowance for expected credit losses in the year	(188,113)	(33,219)
At 31 December	**(999,348)**	**(811,235)**

Further details on the movement in the provision for impairment are disclosed in note 29 (ii).

20. RELATED PARTY TRANSACTIONS AND BALANCES

The parent Company is TotalEnergies Marketing Afrique while the ultimate holding company is TotalEnergies SE, 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

	2023	2022
	KShs'000	KShs'000
TotalEnergies Aviation	138,045	266,489
TotalEnergies Marketing Uganda	1,533,497	496,336
Gapco Kenya Limited	507,359	211,653
TotalEnergies Marketing Afrique	16,157	42,838
TotalEnergies Marketing Tanzania	156,876	62,484
Other related companies*	25,118	40,812
	2,377,052	**1,120,612**

*Other related companies are subsidiaries of TotalEnergies Marketing Afrique

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(ii) Amounts due to related companies

	2023 KShs'000	2022 KShs'000
Total Marketing Services	634,933	56,112
Gapco Kenya Limited	1,339,002	1,479,776
TotalEnergies Supply MS SA	5,404	19,149
TotalEnergies Marketing Middle East FZE	-	43,849
Others*	50,686	65,334
	2,030,025	**1,664,220**

* Other related companies are subsidiaries of TotalEnergies Marketing Afrique.

(iii) Amounts due to holding company

	2023 KShs'000	2022 KShs'000
TotalEnergies Marketing Afrique	**7,005,358**	**5,075,072**

(iv) Transactions with related companies

Purchases of petroleum products from the holding company	5,997,630	7,900,510
Purchases of petroleum products from other related companies	3,007,518	2,482,729
Revenue on sale of petroleum products to related companies	7,077,172	3,747,399
General assistance (Note 6)	**961,828**	**746,689**

(v) Key management compensation

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

	2023 KShs'000	2022 KShs'000
Salaries and other short-term employment benefits	240,998	214,153
Post-employment benefits	13,466	10,971
	254,464	**225,124**

(vi) Directors' remuneration

Fees for services as a director	7,960	10,080
Other emoluments		
Salaries and other short-term employment benefits		
• Cash emoluments including pension	88,110	83,822
• Non-cash emoluments	21,534	22,320
	109,644	106,142
	117,604	**116,222**

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. The expected credit loss relating to amounts due from related companies is immaterial. 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 2023

21. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2023	2022
	KShs'000	KShs'000
Property, plant and equipment	-	22,324
Prepaid operating leases	-	2,040
	-	24,364

The movement in the non-current assets classified as held for sale is as follows:

At 1 January	24,364	24,364
Reclassification to property, plant and equipment	(22,324)	-
Reclassification to right-of-use	(2,040)	-
At 31 December	-	24,364

Non-current assets classified as held for sale relate to an interest in a joint facility (Nairobi Joint Depot) that was 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.

As at 31 December 2023, these assets were reclassified to property, plant and equipment and lease hold land as management is not committed to its plan to sell the assets.

22. SHARE CAPITAL

	2023	2022
	KShs'000	KShs'000
Authorised ordinary shares		
181,630,000 ordinary shares of KShs 5 each	908,150	908,150
Authorised redeemable preference shares		
123,478,388 shares of KShs 31.58 each	3,899,447	3,899,447
Authorised redeemable preference shares		
330,999,364 shares of KShs 15.71 each	5,200,000	5,200,000
Issued ordinary share capital	875,324	875,324
Issued redeemable preference share capital	9,099,447	9,099,447
	9,974,771	9,974,771
Issued capital comprises:		
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 2023

22. SHARE CAPITAL (CONTINUED)

	2023		2022	
Fully paid ordinary and preference shares	Number of shares	Share capital	Number of shares	Share Capital
	'000	KShs'000	'000	KShs'000
Ordinary shares	175,065	875,324	175,065	875,324
Redeemable preference shares	454,477	9,099,447	454,477	9,099,447
At 31 December	**629,542**	**9,974,771**	**629,542**	**9,974,771**

The fully paid ordinary shares, which have a par value of KShs 5, carry one vote per share and carry a right to dividends.

The redeemable non-cumulative preference shares, which have issue prices of KShs 31.58 and KShs 15.71, do not have any voting rights but have the same rights to dividends as the ordinary shares. The right to redemption of the redeemable preference shares is at the discretion of the Company hence they have been classified as equity.

23. SHARE PREMIUM

	2023	2022
	KShs'000	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.

24. TRADE AND OTHER PAYABLES

	2023	2022
	KShs'000	KShs'000
Trade payables	24,387,436	17,930,496
Other payables and accruals	2,948,978	2,258,946
Total payables	**27,336,414**	**20,189,442**
Classified as:		
Non-current – trade payables	798,434	824,398
Non-current – provisions	304,656	299,975
Current – trade and other payables	26,223,324	19,065,069
	27,336,414	**20,189,442**

PROVISIONS FOR LEGAL MATTERS

At beginning of year	299,975	419,976
Movement during the year	4,681	(120,001)
At end of year	**304,656**	**299,975**
Categorized as:		
Current portion	-	-
Non-current portion	**304,656**	**299,975**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER PAYABLES

In the ordinary course of its business, the Company is involved in a certain number of litigation proceedings. The Company is also subject to a number of claims and lawsuits which arise in the ordinary course of its business. The amount of provisions made is based on the Company's assessment of the basis for the claims and the level of risk on a case-by-case basis.

Terms and conditions of the trade and other payables

Trade payables are non-interest bearing and are normally settled on a 30-day terms. Interest is only charged on trade payables due to purchase of petroleum products at rates set by the Government-to-Government and Open Tender Supply (OTS) agreements. Other payables are non-interest bearing and have an average term of six months.

Non-current trade payables mainly relate to LPG cylinder deposits.

The Company writes back, to other income, any cylinder deposits that is more than 7 years.

25. NOTES TO THE STATEMENT OF CASH FLOWS

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

		2023	2022
		KShs'000	KShs'000
	Notes		
Profit before tax		4,619,420	3,802,994
Adjustments for:			
Unrealised foreign exchange losses		517,442	115,797
Finance income	7 (a)	(890,932)	(567,259)
Finance costs	7 (b)	2,319,090	919,890
Interest income from Government securities held at FVOCI	5	(557,118)	-
Increase in allowance for expected credit losses	6 (b)	433,816	33,219
Movement in provisions for legal matters	24	4,681	(120,001)
Movement in other provisions relating to inventories	18	3,287	(33,987)
Movement in leave provision		6,068	10,676
Movement in bonus provision		21,234	1,436
Depreciation on property, plant and equipment	12	1,763,273	1,682,879
Depreciation on right-of-use assets	13	217,844	244,982
Amortisation of intangible assets	15	45,000	35,733
(Gain)/ loss on disposal of property, plant and equipment		(7,981)	73,615
Operating profit before working capital changes		8,495,124	6,199,974
Increase in inventories		(1,170,423)	(4,108,222)
Increase in trade and other receivables		(11,581,327)	(13,509,095)
Increase in trade and other payables		6,448,293	5,969,068
Increase in amounts due to holding company		1,930,285	2,538,741
(Increase)/ decrease in amounts due from related companies		(1,256,440)	1,102,645
Increase in amounts due to related companies		365,805	1,510,707
Cash generated from/ (used in) operations		**3,231,317**	**(296,182)**

Included in prior year trade and other receivables is amounts that were outstanding from the government that have been converted to treasury bonds during the year as disclosed in note 16. The amounts have not been included in the current year cashflow as there was no actual cash outflow.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

	2023	2022
	KShs'000	KShs'000
Bank overdrafts	(5,593,022)	(8,369,808)
Short-term loans	-	(6,200,000)
Cash and bank balances	7,878,221	19,595,935
Cash and cash equivalents	**2,285,199**	**5,026,127**

(ii) Analysis of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand and in banks, short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired. The Company included its bank overdrafts as part of cash and cash equivalents. This is because these bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

Financial overdraft – from Total Treasury

The Company received an overdraft from a related company, TotalEnergies Treasury, whose interest is pegged to the secured overnight financing rate (SOFR) plus a margin. No collateral is held for this facility. As at 31 December 2023, the unutilized overdraft from TotalEnergies Treasury is disclosed in Note 29 (iii).

Bank overdraft – from local banks

Bank overdraft facilities are held with various financial institutions and are unsecured. The facilities are operated within designated limits and under the terms and conditions stipulated by the financial institutions. The facilities interest rates are pegged on the Central Bank Base Rate or T-Bill Rates plus a margin. As at 31 December 2023, the Company had not utilized the available bank overdraft facility. The facility is available as disclosed in Note 29 (iii).

The expected credit loss relating to bank balances is immaterial.

26. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Legal matters

The Company is involved in a number of legal proceedings which are yet to be concluded upon. Management has evaluated the pending cases and determined that no material liabilities are likely to arise from these cases which arose in the normal course of business. The Company has an in-house Legal Department that assessed the court cases in arriving at the above conclusion.

(b) Commitments

	2023	2022
	KShs'000	KShs'000
Total commitments given	**1,812,555**	**1,709,461**
Total commitments received	**1,807,298**	**1,831,623**

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 381 million (USD 2,427,388) exists as at 31 December 2023 (2022: KShs 298 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(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 Company wrote to the Ministry of Finance requesting them to initiate MAP process. However, KRA appealed the decision of TAT at the High Court. As at the date of approval of these financial statements the MAP process had not commenced and the case is still active at the high court.

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

	2023	2022
	KShs'000	KShs'000
Authorised and contracted for	504,224	526,259
Authorised but not contracted for	2,151,914	1,828,608

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

27. RETIREMENT BENEFIT PLANS

The Company operates a defined contribution retirement plan for all qualifying employees. The assets of the plan are held separately from those of the Company in funds under the control of trustees. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Also, the Company contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the statutory scheme are determined by local statute. Contributions to this scheme during the year amounted to KShs 4,970,160 (2022: KShs 5,059,800).

The total expense recognised in profit or loss for the year of KShs 175,398,025 (2022: KShs 171,998,000) (Note 6) represents contributions payable to the plan by the Company at rates specified in the rules of the plan.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2022.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued capital, share premium as disclosed in Notes 22 and 23 and retained earnings.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise trade and other payables, amounts due to holding company, amounts due to related companies and short-term borrowings. The main purpose of these financial liabilities is to finance the Company's operations and provide guarantees to support its operations.

The Company's financial assets include trade and other receivables, amounts due from related companies and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Group corporate treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

and deposits with financial institutions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and certain monetary assets and liabilities denominated in foreign currencies mainly trade and other receivables, bank balances, short term borrowings, trade and other payables and amounts due to and due from related companies.

To manage the foreign currency risk, the Company maintains bank accounts in foreign currencies, mainly US dollars and Euro, to facilitate transactions in foreign currency. The Company also negotiates with its bankers to get favourable exchange rates when converting foreign currencies to the Kenya shilling. The Company also purchases its products mainly in US Dollars and mainly buys US Dollars via spot deals.

There has been no change to the Company's exposure to market risks or the manner in which it measures and manages the risk.

The main currency exposure relates to the fluctuation of the Kenya Shillings exchange rates against the US Dollar and Euro.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	EUR	USD	Total
31 December 2023	**KShs'000**	**KShs'000**	**KShs'000**
Assets			
Trade and other receivables	208,755	515,879	724,634
Amounts due from related companies	-	1,838,266	1,838,266
Bank balances	74,266	531,099	605,365
Total assets	283,021	2,885,244	3,168,265
Liabilities			
Trade and other payables	(82,389)	279,897	197,508
Amounts due to holding and related companies	(1,894,305)	(6,183,121)	(8,077,426)
Total liabilities	(1,976,694)	(5,903,223)	(7,879,916)
Net exposure	**(1,693,673)**	**(3,017,979)**	**(4,711,651)**
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)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
USD impact	(301,798)	(361,997)	(211,259)	(253,398)
Euro impact	**(169,367)**	**(190,361)**	**(118,557)**	**(133,253)**

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.

The Company used the simplified approach in calculating ECL for trade receivables that did not contain a significant financing component. The Company applied the practical expedient to calculate ECL using a provision matrix.

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 risk and therefore mitigate finanacial loss through the 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 2023 and 31 December 2022 is the carrying amounts of its financial assets as illustrated below.

Government securities held at FVOCI

The Company invests only on quoted debt securities with very low credit risk. The Company's debt instruments at fair value through OCI comprise solely of government bonds which considered to be low credit risk investments. The Company applied the general approach in assessing the significant increase in credit risk on its debt instruments at fair value through OCI and has recognised provision for expected credit losses of KShs 189,519,590 as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 and 31 December 2022 is analysed in the table below:

31 December 2023	Total
	KShs'000
Amounts due from related companies	2,377,052
Trade receivables	
Network	3,272,268
Non-network	22,916,336
	26,188,604
Other receivables	1,709,358
Government securities held at FVOCI	7,743,929
Bank balances	7,878,221
Financial guarantees given	1,812,555
	47,709,719
31 December 2022	
Amounts due from related companies	1,120,612
Trade receivables	
Network	1,718,002
Non-network	20,271,180
	21,989,182
Other receivables	2,274,178
Bank balances	19,595,045
Financial guarantees given	1,709,461
	46,688,478

Bank guarantees and cash deposits are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2023, 28% (2022: 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 99,642,000 as at 31 December 2023 (2022: KShs 20,341,000).

For trade receivables of KShs 975,849,408 (2022: KShs 1,243,048,156), the entity has not recognized a loss allowance due to collateral.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

31-Dec-23	Trade receivables					
	Days past due					
	Current days KShs'000	< 30 days KShs'000	30–60 days KShs'000	61-90 days KShs'000	> 91 Days KShs'000	Total KShs'000
Expected credit loss rate (%)	0.02%	1.73%	1.46%	3.93%	58.64%	-
Estimated total gross carrying amount at default	21,903,758	2,325,379	1,100,752	274,792	1,583,271	27,187,952
Expected credit loss	3,747	40,268	16,023	10,807	928,503	999,348
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%	7.83%	
Estimated total gross carrying amount at default	8,982,260	2,752,576	298,788	920,272	9,846,521	22,800,417
Expected credit loss	1,248	18,308	3,358	17,452	770,869	811,235

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 2023 or 2022.

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 2023 was:

Cash deposit collateral	2023 KShs'000	2022 KShs'000
Network	970,075	881,186
Non-network	481,800	420,047
Bank guarantees collateral		
Network	205,700	128,473
Non-network	1,539,907	1,668,134
Total	**3,197,482**	**3,097,840**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The maximum exposure to credit risk for trade receivables is KShs 26,188,604,000 (2022: KShs 21,989,182,000) as disclosed in Note 19. The net exposure after considering the effect of the collateral balances shown above is KShs 22,991,122,000 (2022: KShs 18,891,342,000).

There is no collateral held against cash and cash equivalents, other receivables and amounts due from related companies.

Financial guarantees given are managed by the Company's treasury department in accordance with the Company's policy. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The corresponding expected credit loss is considered to be immaterial.

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.

	2023	2022
	KShs'000	KShs'000
Unsecured overdraft, including financial overdraft from Total Treasury, payable on call and reviewed annually - Amount used	5,584,154	8,369,808
Amount unused – TotalEnergies Treasury	6,895,845	1,542,395
Amount unused – local banks	10,497,179	3,512,667

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 2023	On	Up to	01-03	4-12	>	
	demand	1 month	months	months	1 year	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables	-	10,946,768	8,234,606	5,261,535	947,741	25,390,650
Amounts due to holding and related companies	-	2,457,621	2,061,642	3,848,901	667,219	9,035,383
Lease liability	-	4,813	55,313	129,167	617,243	806,536
Bank overdrafts	5,593,022	-	-	-	-	5,593,022
	5,593,022	13,409,202	10,351,561	9,239,603	2,232,203	40,825,591
Contractual capital commitments	-	504,224	-	-	-	504,224
Financial guarantees received	-	-	-	1,807,298	-	1,807,298
Total liquidity position	5,593,022	13,913,426	10,351,561	11,046,901	2,232,203	43,137,113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

At 31 December 2022	On	Up to	01-03	4-12	>	
	demand	1 month	months	months	1 year	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables		9,919,912	7,047,064	409,684	1,001,824	18,378,484
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
Bank overdrafts	8,369,808	-	-	-	-	8,369,808
	6,200,000	-	-	-	-	6,200,000
	14,569,808	16,683,457	7,054,624	609,312	2,004,566	40,921,767
Contractual capital commitments	-	526,529	-	-	-	526,529
Financial guarantees received	-	-	-	1,831,623	-	1,831,623
Total liquidity position	**14,569,808**	**17,209,986**	**7,054,624**	**2,440,935**	**2,004,566**	**43,279,919**

30. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- 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 2023, the Company's has government securities held at fair value through OCI.

The following table shows an analysis of financial instruments recorded at fair value by level of their fair value hierarchy:

At 31 December 2023	Level 1
	KShs'000
Assets measured at fair value on a recurring basis	
Debt instruments at fair value through OCI	
Government debt securities	**7,743,929**
31 December 2022	
Assets measured at fair value on a recurring basis	
Debt instruments at fair value through OCI	
Government debt securities	-

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

31. 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.

32. 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 statements.

APPENDICES

Appendix I

STATEMENT OF FINANCIAL POSITION

A S AT 31 DECEMBER	2023	2022	2021	2020	2019
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
ASSETS					
Non-current assets					
Property, plant ,equipment and leases	13,498,718	13,233,730	13,317,926	12,695,408	12,712,517
Goodwill	416,679	416,679	416,679	416,679	416,679
Intangible assets	307,045	297,103	222,465	230,731	228,826
Deferred tax asset	612,209	405,543	393,864	308,343	377,462
Financial asset-Government bonds	7,743,929	-	-	-	-
Total non-current assets	**22,578,580**	**14,353,055**	**14,350,934**	**13,651,161**	**13,735,484**
Current assets					
Inventories	13,057,279	11,890,143	7,747,934	6,436,314	6,668,240
Trade and other receivables	31,801,395	27,179,637	14,806,406	13,283,383	12,855,068
Cash and cash equivalents	7,878,221	19,595,935	10,100,456	9,591,950	4,281,548
Total current assets	52,736,896	58,665,715	32,654,796	29,311,647	23,804,856
Assets classified as held for sale	-	24,364	24,364	24,364	24,364
	52,736,896	58,690,079	32,679,160	29,336,011	23,829,220
TOTAL ASSETS	**75,315,476**	**73,043,134**	**47,030,094**	**42,987,172**	**37,564,704**
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
Fair value reserve	(203,649)	-	-	-	-
Retained earnings	20,486,381	18,288,158	16,668,532	14,918,006	12,439,879
Total equity	32,225,023	30,230,449	28,610,823	26,860,297	24,382,170
Non-current liabilities					
Trade and other payables	1,803,819	1,846,318	2,239,805	1,839,746	2,125,506
Total Non-current liabilities	1,803,819	1,846,318	2,239,805	1,839,746	2,125,506
Current liabilities					
Trade and other payables	35,693,612	26,396,559	16,179,466	14,287,129	10,308,441
Short term loans and bank overdrafts	5,593,022	14,569,808	-	-	748,587
Total current liabilities	41,286,634	40,966,367	16,179,466	14,287,129	11,057,028
TOTAL EQUITY AND LIABILITIES	**75,315,476**	**73,043,134**	**47,030,094**	**42,987,172**	**37,564,704**

Appendix II

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	2023	2022	2021	2020	2019
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Gross sales	156,432,095	141,346,899	110,161,215	97,351,821	143,990,455
Indirect taxes and duties	(35,713,695)	(38,544,483)	(35,450,751)	(31,920,643)	(32,113,529)
Net sales	**120,718,400**	**102,802,416**	**74,710,464**	**65,431,178**	**111,876,926**
Cost of sales	(107,882,718)	(93,222,522)	(65,909,440)	(56,374,062)	(103,266,119)
Gross profit	**12,835,683**	**9,579,894**	**8,801,024**	**9,057,116**	**8,610,807**
Operating expenses and other income	(6,402,963)	(5,571,111)	(4,685,662)	(4,214,951)	(4,712,114)
Finance (costs)/income and net foreign exchange (loss)/gain	(1,813,300)	(205,789)	(122,443)	(57,591)	(17,325)
Profit/(loss) before tax	**4,619,420**	**3,802,994**	**3,992,919**	**4,784,574**	**3,881,368**
Taxation	(1,596,496)	(1,358,667)	(1,254,011)	(1,488,042)	(1,346,836)
Profit/(loss) for the year	**3,022,924**	**2,444,327**	**2,738,908**	**3,296,532**	**2,534,532**

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TotalEnergies MARKETING KENYA PLC

I/We……………………………………………………………, of …….………….…………………………, being a Member/Members of the above Company, hereby appoint: ……………………………… ………….…………………………………………………..……………….... of………………..……………………..………ID No…….………………………………………..…..as 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, 27th June 2024 and at any adjournment thereof.

As witness by my/our hand this ……………day of ………………………………..…... 2024

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 Ninth (69th) Annual General Meeting held on 15th June 2023.				
Adoption of the audited Financial Statements for the year ended 31st December 2023 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. 1.92 per share in respect of the Financial Year ended 31st December 2023.				
To approve the Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31st December 2023.				
Re-election of Mr. Guillaume Navez as a Director of the Company.				
Re-election of Mr. Joseph Karago 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) Ms. Catherine Musakali				
d) 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 ensuingFinancial 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., 25th June 2024 at 9.00 a.m. (EAT) or any adjournment thereof.

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