TotalEnergies

Marketing & Services

TotalEnergies Marketing Kenya PLC
Regal Plaza, Limuru Road.

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totalenergies.ke

TotalEnergies Marketing Kenya PLC | Annual Report & Financial Statements 2021

TotalEnergies Marketing Kenya PLC

ANNUAL REPORT & FINANCIAL STATEMENTS **2021**

TotalEnergies

About Us

TotalEnergies Marketing Kenya PLC has been operating since 1955 and plays a key role in the Kenyan economy. The Company has a widespread infrastructure for efficient and effective supply of quality products and services.

Our Ambition

Become the responsible energy major.

Our Vision

- To be recognized as the benchmark for safety in the Kenyan industry.
- To be the trusted partner of all our customers, by listening to them and actively supporting them in their own transitions towards more responsible energies and mobility.
- To be a leader in value creation for society generating shared prosperity and return to our stakeholders.

Our Mission

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

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ELECTRICITY
HYDROGEN
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TotalEnergies

1. CORPORATE INFORMATION

OIL

NATURAL GAS

ELECTRICITY

HYDROGEN

BIOMASS

WIND

SOLAR

NOTICE AND AGENDA OF THE ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE is hereby given that the Sixty Eighth (68th) Annual General Meeting of the Company shall be held via Electronic Means on Thursday, 30th June 2022 at 2.00 p.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 67th Annual General Meeting held on 25 June 2021.

3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2021 together with the Chairman's Statement and the reports of the Directors and the Auditors thereon.

4. To approve the payment of a first and final dividend of KShs 1.31/- per share in respect of the Financial Year ended 31 December 2021 (2020: Kshs. 1.57/-), payable on or around 31 July 2022 to the holders of Ordinary Shares and Redeemable Preference Shares on record at the close of business on 30 June 2022.

5. To approve the Directors' Remuneration Policy and Report as detailed in the Annual Report for the Financial Year ended 31 December 2021 and, to authorize the Board to fix the remuneration of the Directors

6. Re-election of Directors

   i) Mr Maurice Odhiambo K'Anjejo, 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. Paul-Henri Assier de Pompignan, 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) Ms. Margaret Shava
   c) Mr. Maurice Odhiambo K'Anjejo
   d) Mr. Paul-Henri Assier de Pompignan

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company in accordance with the provisions of Section 721(2) of the Companies Act, 2015 and to 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: 31 May 2022

NOTICE AND AGENDA OF THE ANNUAL GENERAL MEETING

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 to follow the meeting, vote electronically or by proxy and may ask questions in advance of the Annual General Meeting in the manner detailed below: -

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

a) Dialling USSD code *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 need 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) 709 170 033 from 8:00 a.m. to 5:00 p.m. from Monday to Friday.

ii. The registration period opens on Wednesday, 08 June 2022 at 9.00 a.m. and will close on 28 June 2022 at 2.00 p.m. Shareholders will not be able to register for the AGM after Tuesday, 28 June 2022 at 2.00 p.m.

iii. A printed copy of Company's Annual Report and Audited Financial Statements for the year ended 31 December 2021 may be obtained from the Registered Office of the Company, Regal Plaza, Limuru Road, Nairobi.

iv. The following documents are available on the Company's website, *www.totalenergies.ke* (i) The Company's Annual Report and Audited Financial Statements for the year ended 31 December 2021 and (ii) a copy of this Notice.

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

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

a) by dialing the USSD code above and selecting the option (ask Question) on the prompts (For shareholders who will have registered to participate in the meeting)
b) by sending their written questions by email to *totalenergiesagm@image.co.ke*
c) to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
d) sending their written questions with a return physical address or email address by registered post to Image Registrars' address at P.O. Box 9287 – 00100 Nairobi.

- Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.
- All questions and clarification must reach the Company on or before Tuesday, 28 June 2022 at 5.00 p.m.
- Following receipt of the questions and clarifications, the Directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 5.00 p.m. on Wednesday, 29 June 2022. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the Annual General Meeting.

vi. In accordance with Section 298 of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to *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 not later than Tuesday, 28 June 2022 at 2.00 p.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Registrars no later than Tuesday, 28 June 2022 at 2.00 p.m. Any proxy registration that is rejected will be communicated to the shareholder concerned not later than Wednesday, 29 June 2022 to allow time to address any issues. A copy of the Proxy Form may be obtained from the Company's website *www.totalenergies.ke*

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

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

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

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

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS, HEAD OFFICE AND REGISTERED OFFICE

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

DIRECTORS

Olagoke Aluko**	Non-executive	Chairman - appointed on 22 December 2021, resigned as Managing Director on 16 August 2021
Olivier Van Parys***	Non-Executive	Resigned as Chairman on 22 December 2021, appointed as Chairman on 21 September 2021
Eric Fanchini*	Executive	Managing Director – Appointed on 16 August 2021
Lawrencia Gichatha	Executive	Finance Manager - (Alternate to Eric Fanchini and Paul-Henri Assier de Pompignan)
John Muchunu	Executive	Strategy and Corporate Affairs Director (Alternate to Jean-Phillipe Torres)
Jean-Phillipe Torres*	Non-executive	Appointed as Non-executive Director on 2 December 2021 (Alternate to Olagoke Aluko). Resigned as Chairman on 21 September 2021
Stanislas Mittelman*	Non-executive	Resigned on 10 November 2021
Ms Severine Julien*	Non-executive	Resigned on 31 March 2021
Joseph Karago	Non-executive	
Margaret W.N. Shava	Non-executive	
Maurice K' Anjejo	Non-executive	
Paul-Henri Assier de Pompignan*	Non-executive	Appointed on 31 March 2021

* French
** British
*** Belgium

PRINCIPAL ADVOCATES

Mohammed Muigai Advocates	Waweru Gatonye & Co.
MM Chambers, 4th Floor	Timau Plaza, 4th Floor
K-Rep Centre, Wood Avenue	Argwings Kodhek, Timau Road Junction
Off Lenana Road, Kilimani	P.O. Box 55207-00200
P.O. Box 61323-00200	Nairobi, Kenya
Nairobi, Kenya	
Musyimi & Co. Advocates	Kiarie Kariuki & Associates Advocates
M'pulla House, Arboretum Drive	Bemuda Plaza, 2nd Floor, Suite No. C3
Off State House Road	Ngong Road
P.O. Box 12502-00400	P.O. Box 13808-00100
Nairobi, Kenya	Nairobi, Kenya
Waruhiu K'owade & Ng'ang'a Advocates	Hamilton, Harrison & Matthews
Flamingo Towers, 3rd Floor, Winga	Delta Office Suites, 1st Floor
Mara Road	Waiyaki Way
P.O. Box 47122-00100	P.O. Box 30333-00100
Nairobi, Kenya	Nairobi, Kenya

REGISTRARS

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

COMPANY SECRETARY

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

PRINCIPAL BANKERS

Citibank NA
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

AUDITORS

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

COMPANY PROFILE

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

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

STRONG RETAIL NETWORK
TMK has over 220 stations country wide offering oil products and services including non-fuel services.

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.

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.

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 - the trusted, safe and reliable LPG.

NON-FUEL OFFERINGS
TMK offers a myriad of Nonfuel services at our stations including convenient shops, car wash, service bays, and other third-party services like restaurants, chemists and laundries to make our service stations a customer destination.

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.

B2B
TMK is a key player in General Trade & Reseller markets with offerings across longterm contracts, tenders, and spot sales.

AVIATION
TMK supplies aviation fuel in the market.

SOLAR
TMK has solar lanterns and kits for sale at our stations and authorized distributor outlets. This provides access to energy for populations not connected to the grid.

The champion
of perfomance

TotalEnergies

CORPORATE GOVERNANCE

CORPORATE INFORMATION

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

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

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

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

THE BOARD OF DIRECTORS

A. THE BOARD OF DIRECTORS CHARTER

TotalEnergies Marketing Kenya PLC has Charters in place that govern the operations of the Board and its Committees in the stewardship of the Company within the confines of the Memorandum and Articles of Association. Copies of these documents are available on the Company's website (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, Board members selection, requirements and the duties of Board members. Any amendments to the Charter require the approval of the Board.

B. BOARD STRUCTURE AND DIVERSITY

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

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

C. ROLE OF THE BOARD

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

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

D. INDEPENDENCE

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

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

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

The Board of Directors of TotalEnergies Marketing Kenya Plc is guided by the Conflict of Interest Policy and the Code of Conduct that are developed by the company, customized and adopted by TotalEnergies Marketing Kenya PLC.

E. BOARD AND DIRECTOR EVALUATION

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

F. CHAIRMAN AND MANAGING DIRECTOR

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

BOARD COMMITTEES

Director is responsible for the management of the Company and implementation of the strategies and policies approved by the Board.

G. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

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

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

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

H. BOARD MEETINGS

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

During the year ended 31 December 2021, the Board held four Board meetings, four Board Audit Committee meetings, two Board Risk and Governance Committee meetings and five Board Nomination and Remuneration Committee meetings. The Annual General Meeting (AGM) was held virtually on 25 June 2021 and all Directors were present in person with the exception of Mr Stanislas Mittelman who was represented by his alternate director, Mr. John Muchunu.

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

Name of Director	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Chairman			
Jean-Philippe Torres (Resigned on 21 September 2021)	3	3	100%
Olivier Van Parys (Appointed on 21 September 2021) (Resigned on 22 December 2021)	1	1	100%
Olagoke Aluko (Appointed on 22 December 2021)	-	-	-
Executive Director – Managing Director			
Olagoke Aluko (Resigned on 16 August 2021)	2	2	100%
Eric Fanchini (Appointed on 16 August 2021)	2	2	100%
Non- Executive Directors			
Stanislas Mittelman* (Resigned on 10 November 2021)	3	0	-
Séverine Julien (Resigned on 31 March 2021)	1	1	100%
Paul-Henri A. De Pompignan (Appointed on 31 March 2021)	3	3	100%
Jean-Philippe Torres (alternate to Olagoke Aluko, Appointed on 2 December 2021)	-	-	-
Independent Directors			
Joseph Karago	4	4	100%
Margaret Wambui Ngugi Shava	4	4	100%
Maurice Odhiambo K'Anjejo	4	4	100%
Alternate Directors			
Lawrencia Gichatha (Ceased to be an alternate Director to Séverine Julien on 31 March 2021) (Appointed as alternate to Paul-Henri A. De Pompignan on 31 March 2021) (Ceased to be an alternate Director to Olagoke Aluko on 16 August 2021) (Appointed as alternate to Eric Fanchini on 16 August 2021)	4	4	100%
John Muchunu (Ceased to be an alternate Director to Stanislas Mittelman on 10 November 2021) (Appointed alternate to Jean-Philippe Torres on 2 December 2021)	3	3	100%
Company Secretary			
John Maonga	4	4	100%

Note: *Stanislas Mittelman was duly represented by his Alternate Director in three of the three eligible Board meetings.

BOARD COMMITTEES

I. THE BOARD AUDIT COMMITTEE

The Capital Markets Act (Cap. 485A) and regulations require that "the Company shall have an effective and properly constituted Audit Committee" and that "the Board shall establish an Audit Committee with written terms of reference." Pursuant to TotalEnergies Company's Risk Management, Internal Control and Audit Charter, TotalEnergies Marketing Kenya PLC ensures the control of its activities: it deploys an overall risk management system, an effective internal control framework and an internal audit policy adapted to its challenges. Audit is an independent function responsible for providing reasonable assurance to Management and to the corporate governance bodies concerning the level of control of the company's activities.

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

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

The Board Audit Committee Charter spells out the composition, role, scope, mandate, requirements and duties of the Committee and its members. Any amendments to the Charter require the approval of the Board. This Committee is composed of four Directors and is chaired by an Independent Director to assure its independence. In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications and experience.
During the year 2021, members of the Committee were as follows:

Name of Member	Position
Séverine Julien (Retired and ceased to be a member on 31 Mar 2021)	Non-Executive Director
Paul-Henri Assier De Pompignan (Became a member from 31 Mar 2021)	Non-Executive Director
Margaret Shava	Independent Director
Joseph Karago	Independent Director - Chairman
Maurice K'Anjejo	Independent Director

Audit Committee. The Committee held four formal meetings in 2021 (see details below) and invited the external auditors when discussing the Company's accounts.

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

Name of Member	Eligible No. of Meetings	No. of Meetings attended	Overall % attendance
Joseph Karago	4	4	100%
Margaret Shava	4	4	100%
Maurice K'Anjejo	4	4	100%
Séverine Julien	1	1	100%
Paul-Henri Assier De Pompignan	3	3	100%

THE MAIN RESPONSIBILITIES OF THE COMMITTEE ARE TO:

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

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

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

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

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

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

He holds a Post Graduate Diploma in Business Administration – Finance from the University of Leicester (UK), a Bachelor of Science in International Business Administration (USIU) and an ACCA certificate in International Auditing. He was a Director of Kenya Oil and Gas Association (KOGA) until June 2021.

ELLON KAMAU | AUDIT MANAGER

BOARD COMMITTEES

J. 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 responsibility with regards to the uncertainties the Company may face. The Committee is mandated to provide oversight on the entity-wide risk management process and ensure integrity and effectiveness of the Company's compliance monitoring framework.

The Committee's roles and responsibilities are to:

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

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

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

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

Name of Member	Position
Margaret Shava	Independent Director - Chairperson
Joseph Karago	Independent Director
Olagoke Aluko (Ceased to be a member on 16 August 2021)	Former Managing Director
Eric Fanchini (Appointed as a member on 16 August 2021)	Managing Director
Lawrencia Gichatha	Finance Manager
John Maonga	Company Secretary

In the year 2021, the BRGC met virtually two times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Margaret Shava	2	2	100%
Joseph Karago	2	2	100%
Olagoke Aluko	1	1	100%
Eric Fanchini	1	1	100%
Lawrencia Gichatha	2	2	100%
John Maonga	2	2	100%

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

Charles Wambugu is currently the Risk, Governance and Compliance Manager for TotalEnergies Marketing Kenya PLC (TMK). He holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi and is a Certified Public Accountant (CPAK). Charles joined TMK during the Chevron merger in 2009 and was appointed Chief Internal Auditor.

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

CHARLES WAMBUGU | RISK, GOVERNANCE AND COMPLIANCE MANAGER

BOARD COMMITTEES

K. THE BOARD NOMINATION & REMUNERATION COMMITTEE

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

The Committee's role and responsibilities are to:

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

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

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

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

Name of Member	Position
Joseph Karago	Independent Director Chairman
Margaret Shava	Independent Director Committee Secretary
Jean-Philippe Torres (Ceased to be a member on 21 September 2021)	Former Chairman of the Board
Olagoke Aluko (Appointed as a member on 22 December 2021)	Chairman of the Board
Olagoke Aluko (Ceased to be a member on 16 August 2021)	Former Managing Director
Eric Fanchini (Appointed as a member on 16 August 2021)	Managing Director
Paul-Henri A. De Pompignan (Appointed as a member on 31 March 2021)	Non-executive Director
Lawrencia Gichatha (By Invitation)	Finance Manager
John Maonga (By Invitation)	Company Secretary

In the year 2021, the BNRC met virtually five times as shown here below:

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Joseph Karago	5	5	100%
Margaret Shava	5	5	100%
Jean-Philippe Torres	4	2	50%
Olagoke Aluko	3	3	100%
Paul-Henri A. De Pompignan	4	3	75%
Eric Fanchini	2	2	100%

Our Code of Conduct:

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

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

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

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

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

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

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

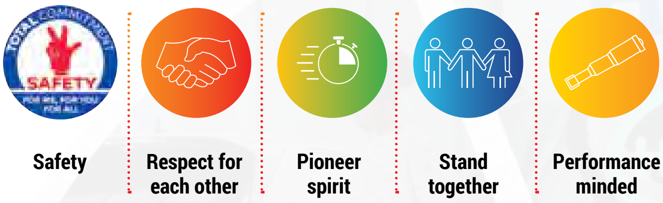
All of us must all take responsibility for applying the Code of Conduct. We encourage a culture of openness that allows everyone to express their concerns about the Code of Conduct.

TotalEnergies

POLICIES

A. ETHICS CHARTER AND CODE OF CONDUCT

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



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

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

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

To guide relations with suppliers, contractors and third parties, anti- corruption, anti-fraud and anti-competitive clauses are included in all contracts signed. A due diligence exercise is also concluded before initiating any formal relations with any third parties. Training via e-learning is also made available to all our stakeholders.

Identifying and reporting existing or potential conflicts of interest by employees allows risks to be managed. Potential conflicts of interest can be minimized by avoiding acquiring any interest in the business of a competitor, supplier or customer without prior written approval from management. Employees are also required to declare, and in some cases seek approval for gifts, hospitality, donations and sponsorships to and from business partners. This is done through an electronic Gift and Hospitality register. The Company is committed to respecting internationally recognized Human Rights standards especially those relating to employees' working conditions within all its diverse operations. A non-discriminatory recruitment program based solely on our requirements and the specific capabilities of individual applicants coupled with zero tolerance to harassment makes for a diverse and well-motivated workforce.

B. INTEGRITY COMMITTEE

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

The graphical analysis provides a summary on the outcome of proactive and reactive anti-fraud and investigation work during 2019 to 2021, with majority of the cases reported coming from the TotalEnergies Service stations. The amounts involved in these cases are insignificant but investigations are conducted to ensure effective customer service is maintained and improved.

Business Ethics: any doubt or question?

Use the contact you feel comfortable with

Your line manager,
other managers

Human
Resources

Your Compliance
Officer

Your Country
Ethics Officer

The Ethics Committee
ethics@totalenergies.com

The Integrity Committee
ethics.ke@totalenergies.ke

Speak up!

TotalEnergies

business
ethics

POLICIES

C. COMPLIANCE PROGRAM

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

D. 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.

On 2nd January 2020, Capital Markets Authority (CMA) issued a circular to all Issuers of Securities to the Public in Kenya advising that following stakeholder consultation on the second Report on the State of Corporate Governance of Issuers of Securities to the Public in Kenya published on 23rd October 2019, and after further consultations and engagements with the stakeholders, the Authority would be amending the code in order to reschedule the governance audits to at least once in every two years with the option of the Authority increasing or decreasing the cycle based on a risk based approach.

The Company had undertaken a corporate governance audit for the Financial Year ended 31st December 2020 and the resultant findings of the audit were being proactively implemented, in fulfilment of the requirements of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public (2015). The Company was hence eligible for a two year cycle of the governance audit cycle and would conduct the next audit for the Financial Year ended 31st December 2022.

The Board of TotalEnergies Marketing Kenya PLC shall continue upholding high standards of Corporate Governance and undertaking Governance Audits as required by the regulating bodies for the benefit of the shareholders and stakeholders of the Company.

2. MANAGEMENT

OIL

NATURAL GAS

ELECTRICITY

HYDROGEN

BIOMASS

WIND

SOLAR

BOARD OF DIRECTORS

BOARD OF DIRECTORS

DIRECTORS' PROFILES

Mr Olagoke Aluko was born in 1974 and 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 21 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 of three TotalEnergies subsidiaries (Ethiopia, Jamaica and Guinea Conakry) and the General Manager Operations and General Manager HR & Corporate Affairs at TotalEnergies Marketing Nigeria PLC. Currently, he is 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 20 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.

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). Mr Torres has about 30 years' experience in management and has served within the TotalEnergies Company in various capacities. He previously served as the Executive Vice President of Mediterranean & Indian Ocean, the Executive Vice President of East & Central Africa and Chairman of the Board of Directors of TotalEnergies Marketing Kenya PLC, the Managing Director of TotalEnergies Marketing Nigeria PLC, the Executive Vice President of North & Central America, the General Manager Retail and Fuel Cards of Total Deutschland GmbH (Berlin, Germany) among others. Currently, he is the Senior Vice President of TotalEnergies Marketing Africa.

MR JEAN-PHILIPPE TORRES
NON-EXECUTIVE DIRECTOR

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

MS MARGARET SHAVA
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 alternative 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 of the Board.

MR MAURICE ODHIAMBO K'ANJEJO
INDEPENDENT DIRECTOR

DIRECTORS' PROFILES

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

MR JOSEPH KARAGO
INDEPENDENT DIRECTOR

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

MR PAUL-HENRI ASSIER DE POMPIGNAN
NON-EXECUTIVE 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 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 Paul-Henri Assier de Pompignan. She is a member of the Risk 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

Born in 1962, Mr John Muchunu has served TotalEnergies for thirty three years. During his tenure, he has held the following positions; Technical Marketing Representative (2 years), Senior Marketing Representative (3 years), Area Retail Sales Manager (4 years), Customer Service Manager (2 years) and Aviation Manager (2 years). He was expatriated to Total Zambia in 2001 and appointed to the position of the Commercial Manager, he then moved to Total Uganda in 2004 to hold the same position. In October 2009, John came back to Kenya as Commercial Development Manager for one year. He took over the position of Network Sales Manager in October 2010. In November 2014 he was appointed HSEQ Manager. In February 2020 he was appointed Strategy and Corporate Affairs Director. He also serves as the MD for Gapco Kenya Limited and CEO for SWRW (Safe Way Right Way). Prior to joining TotalEnergies , Mr Muchunu also worked for BOC Kenya (1yr 4 months). He holds a bachelor's degree in Mechanical Engineering from the University of Nairobi and was appointed as alternate Director to Jean-Philippe Torres effective 2nd December 2021.

MR JOHN MUCHUNU
STRATEGY & CORPORATE AFFAIRS 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

MANAGEMENT EXECUTIVES

MANAGEMENT PROFILES

Mr Eric Fanchini 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 20 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.

MR ERIC FANCHINI
MANAGING DIRECTOR

Ms Lawrencia Gichatha holds a Master's in Business Administration, Strategic Management from Moi University, Kenya and a Degree in Bachelor of Commerce (B.Com.), Accounting from the University of Nairobi, Kenya. She is a qualified and registered member of ICPAK. Lawrencia joined TotalEnergies Marketing Kenya PLC in 2002 and has served in several positions within TotalEnergies . She is currently the Finance Manager of TotalEnergies Marketing Kenya PLC and has previously served as a Corporate & Project Finance Manager, Marketing & Services (MS) Branch - Africa perimeter based in France, SAP Program Manager for MS, Africa Perimeter based in France, Controlling Manager, SAP Coordinator and Financial Accountant at TotalEnergies Marketing Kenya PLC. Lawrencia is also the Country Ethics Officer and an alternate Director to Mr Paul-Henri Assier de Pompignan. She is a member of the Risk 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.

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MR JOHN MUCHUNU
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, Commercial 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 over 18 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

MANAGEMENT PROFILES

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

Ms Irene Muinde joined TotalEnergies Marketing Kenya PLC in September 2013 and has diverse experience spanning over 20 years acquired from manufacturing and banking sectors . She holds an Executive MBA in Human Resources from Moi University, Bachelor of Arts from the University of Nairobi, Diploma in HRM from Kenya Institute of Management and is a Certified Psychometric Tester and Prince2 Practitioner (Project Methodology). She is also a Certified Coach (ICF).

MS IRENE MUINDE
HEAD OF HUMAN RESOURCES AND ADMINISTRATION

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

MS MARY MUIRURI
HSEQ MANAGER

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

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

MR SANDIP MUKHERJEE
COMMERCIAL MANAGER B2B

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

1. MANAGING DIRECTOR'S MESSAGE

"Last year, over 90% of our employees undertook a training course on 'Climate at the center of TotalEnergies' strategy.

"TotalEnergies Marketing Kenya PLC is committed to Net Zero emissions and carbon neutrality by 2050.

In 2021, Total announced a corporate rebrand to TotalEnergies in line with the new ambition to become a major player in the energy transition beyond oil and gas to include renewable energy – wind, solar, green hydrogen, among others. The company is committed to Net Zero emissions and carbon neutrality by 2050. To match the global company's ambitions, Total Kenya PLC changed its name to TotalEnergies Marketing Kenya PLC (TMK). TMK therefore deployed the Energizing the Future strategy (2021- 2025) by developing a road map along the 8 pillars namely: **contribute to climate ambition, ensure safety, foster sustainability, focus on customer centricity, provide new energies for transition, design innovative solutions for customers, develop teams and deliver performance.**

The company has implemented a number of Energy Conservation Measures (ECMs) These measures led to a 10% reduction in emission levels in 2021 compared to 2020 despite an increase in operations. A total of KShs. 92M was invested in the solarization of 34 stations in 2021 closing the year at 141 service stations.

TMK continues to engage in tree planting through the TotalEnergies Eco-Challenge program that reduces carbon emissions. In 2021, a total of 22,010 trees were planted in various sites across the country. The Company has over 370 direct staff and over 4,500 indirect jobs and paid KShs. 37.4bn in taxes as well as KShs.11.9bn in payments to local suppliers as of December 2021. In addition, the Board Risk and Governance Committee (BRGC) Charter was revised in 2021 to further refine corporate governance practices. The Charter now includes the establishment and implementation of a shareholder communication policy for the company. This is part of our enhanced Stakeholder Relationship Management (SRM) which was relaunched in 2021. This SRM tool includes a societal action plan for each of the most exposed sites, and reporting of our societal performance will be done annually.

Last year, over 90% of our employees undertook a training course on **'Climate at the center of TotalEnergies' strategy.**' TMK will continue to stay on course to develop new energies and create impactful collaborations. In the year ahead, TMK is confident that the sustainability strategy will put us on the path to developing new ideas and taking actions toward building a more resilient future for all.

Eric FANCHINI,

Managing Director

"A total of KShs. 92M was invested in the solarization of 34 stations in 2021 closing the year at 141 service stations.

2021 at a Glance

Social

Board Committee Charters revised

370+ direct employees

4,500+ indirect jobs

60% new female employees

60%

Staff participated in 8 key CSR projects

15% more solar lamps sold

3.7 Average training days per person

4,481 Estimated lives impacted in the community by CSR activities

Environmental

KShs 92M Invested in solarizationof 34 service stations

141 service stations solarized

35 tonnes non hazardous waste collected

2.7 MWhrs electricity consumed

10% less CO2 emissions

CO_2

129,410 litres of used oil collected

Economic

KShs 37.4BN paid in taxes

TAX

KShs 4.3 reduced earnings per share

KShs 3.7M community investment

100% statutory requirements met

KShs 11.9bn paid to local suppliers

KShs 1.5bn paid to employees

SUSTAINABILITY REPORT

2. ABOUT TOTALENERGIES MARKETING KENYA PLC

In 2021, Total Kenya PLC became TotalEnergies Marketing Kenya PLC (TMK) in a new ambition to become a major player in the energy transition towards getting to net zero by 2050. This choice stems from a deeply held conviction that everyone on the planet has the right to have access to reliable, affordable energy while at the same time expecting a clear and responsible commitment from businesses to preserve the climate for future generations. Our company is transforming to provide tangible, sustainable solutions to this dual challenge; aiming to be a benchmark for the endorsement of the United Nations' Sustainable Development Goals.

TMK has been operating in Kenya since 1955 and is the only multinational oil company listed on the Nairobi Securities Exchange. TMK is deeply rooted in Kenya's economy and society and is a key part of the country's essential services infrastructure. It is one of the largest revenue generators for the exchequer and has been a consistent leader in technical innovation, service quality, and community project action.

The vision and mission of TMK is driven by a diverse, agile, and committed team of over 370 direct employees and over 4,500 indirect jobs. TMK is one of East Africa's biggest petroleum and gas products suppliers.

2.1 CORE VALUES

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

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

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

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

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

SUSTAINABILITY REPORT

2. ABOUT TOTALENERGIES MARKETING KENYA PLC

2.2 PRODUCTS

2.2.1 Fuels

Excellium fuel is the main fuel sold at all our service stations and is available for both petrol and diesel engines and kerosene fuel which is used for cooking and lighting is also offered to our customers. Excellium prevents up to 89% of deposit build-up in diesel engines and up to 93% for petrol engines. It thus reduces consumption and emits less CO2 while maintaining its performance.

2.2.2 Lubricants

Our passion for engines, mechanics, motorsport and two- & four-wheelers of all kinds has led to research and eventual production of a wide range of lubricants. The lubricants we offer protect and improve the performance of engines of all sizes, ages, petrol, and diesel models as well as of motorcycles and hydraulic systems. Our lubricants have been improved over the years to ensure that they reduce friction and engine fouling by cooling the engine for optimal performance.

2.2.3 Solar Lanterns

TMK's solar lanterns provide an affordable and environmentally-friendly lighting alternative for Kenyans who do not have access to electricity or are from low-income households and have unreliable electricity supply. Enhanced product models also power radios and TVs, which are sources of information to customers. The lamps are sold through our extensive service station network. In addition, access to solar lamps has been increased through a strong network of reseller outlets and partner corporate organizations, NGOs, MFIs, and SACCOs.

2.2.4 Liquified Petroleum Gas (LPG)

In the Kenyan market, TMK has a well-known brand of Liquified Petroleum Gas (LPG). Families or mid-sized businesses have options to choose from any of our five cylinder sizes according to their needs and abilities. Thus, 3kg, 6kg, 13kg, 22.5kg and 50kg. The safety of our stakeholders is paramount and therefore the LPG team, together with the Health Safety and Environment (HSE) team, carry out regular LPG safety awareness communication to our employees and customers using fliers, safety tips reminders, contests, and general publications carried at the points of purchase, on safe use, and storage of the gas products.

2.2.5 New Products and Services in 2021

TMK introduced four new products in 2021. These include CoolElf AutoSupra coolant 5 litres, The Pocket Sunshine two-level light-only solar lantern, a rechargeable Wash Card specifically tailored for fleet vehicles, and promotional cards for taxis and business clients offering discount per litre. The company also opened nine new stations across the country as part of our strategy to accelerate our network expansion.

SUSTAINABILITY REPORT

3. ENERGY RE-INVENTING ITSELF

Energy is life, we all need it and it is a source of progress. To contribute to the sustainable development of our planet and to address the climate challenge, the company is moving forward, together towards new energies. Energy is re-inventing itself, and this energy journey is ours, together. Our ambition is to be a world-class player in the energy transition. That is the reason Total transformed to TotalEnergies.

The company's global ambition is to be a major player in the energy transition. TMK puts sustainable development at the heart of our strategy and our commitment has four pillars:

- **Sustainable energy:** leading the transformation of the energy model to combat climate change and respond to people's needs.
- **Well-being of people:** being a leading name as an employer and a responsible operator.
- **Environmental excellence:** accelerating progress on environmental stewardship.
- **Creating value for society:** generating shared prosperity across regions.

The Company has committed to contributing to the achievement of the United Nations' Sustainable Development Goals and to using them as a framework for measuring and prioritizing all its impacts more effectively.

3.1 Our Sustainability Strategy

Sustainability has long been a key consideration for TotalEnergies. Adherence to health, safety and environmental regulations as well as increasing our contributions to the communities in which we operate, have formed the core of our sustainability strategy. International economic and political trends are now pointing towards a global transition to low carbon for the energy sector. The climate policies of regulators, direct public and shareholder activism, and changing investment strategies by financial institutions are all creating an urgency to reduce emissions. TotalEnergies is at the forefront of adopting a proactive and transparent sustainability strategy that identifies and secures new opportunities in a low-carbon economy.

At TMK, our objective is to demonstrate our continuously improving sustainability performance across several dimensions. We are committed to Net-Zero emissions and carbon neutrality by 2050 and the company has proactively joined with the industry and international community to identify joint solutions for capping the increase in global temperatures to below 2°C. In 2021, TMK adopted our Energizing the Future strategy (2021- 2025). This is a road map established along 8 pillars namely: contribute to the climate ambition, ensure safety, foster sustainability, focus on customer centricity, provide new energies for transition, design innovative solutions for customers, develop teams and deliver performance.

To foster sustainability, the company identified sustainability priorities to include regulatory compliance as well as a broader social agenda with a focus, on the health and safety of our key stakeholders, our environmental impact and contribution to society in order to reduce carbon emissions and support the energy transition. More information about these material sustainability issues is provided under our **Materiality Assessment** and in the **Performance and Progress** sections of this report.

TMK recognizes sustainability as a critical pillar for future long-term business competitiveness and has been producing a voluntary sustainability report since 2018 using the Global Reporting Initiative (GRI) Standards. The GRI Standards are the world's most widely used sustainability reporting framework providing guidance across environmental, social and economic factors for all stakeholders. GRI Standards are also recommended by the United Nations Global Compact. TotalEnergies, has been a global member of the UN Global Compact, supporting the Sustainable Development Goals (SDGs) since 2016. A sustainability framework has been developed by TMK to make a genuine significant contribution to the SDGs. We consider the SDGs as an opportunity to better measure and assess our contribution to society and thus have identified the SDGs through which we can have the greatest impact, in accordance with our reason for being and global ambition to reach carbon neutrality (Net-Zero emissions) by 2050

In 2021, TMK began a process of integrating the SDGs into our corporate strategy by conducting a principled prioritization of the SDG targets followed by a stakeholder engagement exercise specifically for this report. This was to determine our most material SDG targets that reflect the company's significant economic, environmental and social impacts and/or substantively influence the assessments and decisions of our stakeholders.

3.2 Report Content and Scope

This sustainability report details our sustainability activities for the period between January to December 2021. The report is centered on the company's Environmental, Social, and Governance (ESG) commitments, targets, and initiatives as well as performance relating to the Sustainable Development Goals (SDGs). The report has been prepared in accordance with the GRI Standards: Core option. It is to be read in conjunction with the 2021 Annual Report and other sustainability-related disclosures on the TotalEnergies global website.

3.3 Stakeholder Engagement

TMK is committed to establishing high-quality long-term relationships with all its stakeholders including customers, distributors and transporters, suppliers and contractors, local communities, business partners, shareholders, and civil society.

In 2021, the company relaunched its Stakeholders Relationship Management (SRM) tool thus creating a structured engagement of all stakeholders. Mapping our key stakeholders provides us with a more systematic way of carrying out our stakeholders engagement. This will be done in 2022 hence more detailed information will be provided in the 2022 sustainability report.

SUSTAINABILITY REPORT

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In the interim, below is an outline of the action plan listing the main stakeholders concerns and performance indicators: -

Stakeholder groups	Methods of Engagement	Topic of interests	Performance Indicator
1. Customers	• Customers are engaged via social media, frequent customer satisfaction surveys, customer service week and other customer events	• Customer satisfaction • Customer retention	• Quality of relationship • Frequency of dialogue • Quality of the information provided • Feedback and follow-up
2. Service providers (Suppliers, Contractors & Transporters)	• Suppliers/contractors are engaged through seminars, audits, evaluations, questionnaires, and supplier code of conduct	• Local contractor • Local employer • Active player in local economy • Communication • Policies on Health & safety Human rights Anti-corruption	• Productive working relationships • Continued compliance with set standards of operation. • Procurement and support to small business • Contribution to the local economy • Employment & skills development • Participation in local institutions
3. Government & Regulators	• Communications with governments and regulators are maintained through meetings and regulatory and legal reforms/changes	• Transparency • Sustainable relationships • Maintaining confidence in our management capacity and performance • Management of stakeholders' concerns regarding HSE impacts • Environment • Health • Safety • Traffic Nuisances • Other nuisances	• Information on HSE impacts • Management of complaints • Cooperation with industrial neighbors • Management of site logistics and transport impacts on communities • License to operate • Compliance with the law and regulations of the jurisdictions in which we operate
4. Neighboring communities (Depots, industrial areas, civil society, and business partners)	• Community investments and CSR donations • Sporting events	• Road Safety • Economic empowerment • Education • Health • Access to energy • Environmental issues	• Access to energy solutions for the low-income population • Innovative products and services for the environment • Support to local community projects • Communication on community projects.
5. Employees	• Employees are engaged via regular dialogue sessions and forums by senior management, questionnaires, company intranet as well as frequent employee activities	• Long-term employability • Opportunities to develop skillsets	• Employees understand and are aligned with the corporate objectives • Attract and retain high-caliber talent to drive our business forward • Regular engagement with workforce
6. Board of Directors (BOD)	• Meetings are held with BOD members to maintain transparency. More information is shared on the website through shareholder reports	• Meetings are held with BOD members to maintain transparency. More information is shared on the website through shareholder reports	• Well-informed on the performance and management of the business • Revenue growth • Increased Profit Margins

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In addition to this stakeholders mapping, TMK conducted a stakeholders survey and focus group discussions specifically for this sustainability report. The survey was centered around the company's global sustainability pillars from which TMK's sustainability champions identified key SDGs and the targets that are most relevant to the company's operations in Kenya. A survey based on these targets was developed and presented to key stakeholders to gauge their expectations against these commitments. Their feedback is summarized in the following table:

Relevant SDGs	SDG Targets	Global Commitments	Stakeholders Expectations	Our Responses and Achievements
Sustainability Pillar 1: Integrating climate into the strategy Energy production and consumption are intrinsically linked to the challenge of climate change.				
		Promote15%annual increase in energy efficiency Funding and fostering high-potential start-ups which will contribute to creating a low carbon future	TMK could have the most impact for this target by increasing the **distribution of solar products by involving social entrepreneurs, NGOs, and other distributors**	Solar lanterns sold and distributed at service stations, reseller outlets, and partner corporate organizations, NGO's, MFI's and SACCO's
		Investing in digital technology including carbon capture and storage projects	TMK to establish **synergies, capitalizing on expertise and pooling knowledge and infrastructure on climate change**	In 2021, the company, launched through the SRM tool to engage our value chain through **training** programs, new **partnerships** as well as in the tracking of the company's carbon footprint. (Scope 1 and 2 emissions) Employee training programs will also be geared towards encouraging and rewarding **climate innovation**
		• Acting on emissions • Achieving carbon neutrality (net zero emissions by 2050) for the company's worldwide operated activities (direct emissions) • Achieving carbon neutrality worldwide for indirect Green House Gas (GHG) emissions related to the use of energy products sold for end use by 2050 or sooner. • Developing carbon sinks through the preservation and restoration of natural carbon sinks (forests, wetlands, etc.)	This target defines the new outlook for the TMK brand in Kenya To have the most impact on climate change, suppliers, contractors, transporters, and neighboring communities TMK in Kenya should **invest in natural carbon sinks** and continue with the eco-challenge program. Additionally, the company should take measures to reduce the carbon emission of motor vehicles on public roads Government regulators would like TMK to be actively involved in the climate change mitigation programs as well as promoting innovations for a sustainable future	The company is planting trees to create carbon sinks, in collaboration with the Kenya Forest Service at various locations across the country through our Eco Challenge program TMK continues to grow its partnerships and collaborations in climate mitigation programs and innovations. In 2022, the company will enhance these partnerships to include tracking progress especially the reduction of carbon emissions
Sustainability Pillar 2: Preserving the environment TMK's activities can both have an impact on the environment and ecosystem				
		12.4 ACCIDENTAL POLLUTIONS PREVENTION Prevent the occurrence of a major industrial accident that might cause death, physical injury, large-scale pollution or damage to property through the company's risk management policies and measures.	Majority of stakeholders proposed that TMK should contribute significantly to the preservation of the environment. They would like the company to implement a policy of avoiding, reducing, managing & monitoring the environmental footprint of its operations.	TMK works in conjunction with OSMAG and the Kenya Ports Authority to hold an annual marine oil spill emergency response training and a drill exercise for the industry The company is also managing its waste disposal through its participation in the Safe Waste Oil Disposal (SWOD) program. It is also in partnership with the Waste Electrical and Electronic Equipment Centre (WEEE Centre) which manages E-waste for a safe environment. To reduce plastic pollution, TMK launched **plastic waste collection** points, with **Mr. Green Africa**, in 2021 More needs to be done around tracking and managing water and energy consumption and the implementation of a circularity policy
		The TotalEnergies biodiversity ambition is based on four core principles: • Promote biodiversity. • Protecting coastal and ocean ecosystems. • Development of knowledge sharing about the interactions between climate, coastal areas and oceans involving applied research experts, young people and the general public	Close to 60% of stakeholders including employees, suppliers and contractors, transporters, and communities selected supporting biodiversity-related awareness programs, youth education and research actions as an activity that most resonates with TMK's vision and strategy	The TMK Eco Challenge is the company's key activity that promotes life on land. In 2021, the company carried out a tree-planting activity at the Mau forest, Coast in the Majoreni area, our LPG depot, and primary schools. In addition our employees participated in 8 key CSR projects including tree-planting activities and SOS Children Mentorships There are opportunities for the company to place more concerted effort towards protecting coastal and ocean ecosystems and developing partnerships that support young people to discover coastal areas

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Relevant SDGs	SDG Targets	Global Commitments	Stakeholder Expectations	Our Responses and Achievements
Sustainability Pillar 3: Respecting and mobilizing the value chain The company can play an influential role across its value chain with the aim of promoting respect for the dignity and human rights for all				
3 GOOD HEALTH AND WELL-BEING	TARGET 3.6	3.6 - REDUCE ROAD DEATHS AND INJURIES . **By 2030, halve the number of global deaths and injuries from road traffic crashes** . Actions include **educating young people** through the VIA road safety program, road safety **training, and advocacy** efforts with support from international organizations (FIA, Global Alliance of Road Safety NGOs and World Health Organisation	50% of the stakeholders surveyed selected the road safety training & awareness-raising for specific target groups such as truck drivers and Boda Boda riders	TMK continues to be a major partner and contributor of Safe Way Right Way (SWRW), a road safety NGO founded by TEMK in 2011. Through SWRW, there are plans to continue with the road safety training program for motorcycle riders
4 QUALITY EDUCATION	TARGET 4.3	4.3 – TECHNICAL, VOCATIONAL AND HIGHER EDUCATION **Youth absorption** in the company	**Funding scholarships which reflect the company's commitment to educating young people and helping them join the workforce** was selected by majority stakeholders as the key activity for TMK in Kenya under this SDG	The company has been running the Startupper Challenge since 2015. This is a competition that seeks to identity and support young entrepreneurs who have innovative business ideas or projects that have a positive impact on their communities and the planet. The program includes coaching, financial support, and appropriate mentorship for the winners. We launched a 3rd edition of Startupper competition in November 2021
	TARGET 4.4	4.4 – NUMBER OF PEOPLE WITH RELEVANT SKILLS FOR FINANCIAL SUCCESS Make it easier for employees to **acquire new skills** to stay abreast of changing careers and technology Help maintain each employee's **long-term employability**	To maintain long-term employability in the workforce, stakeholders felt that TMK should **strengthen key skills in all business areas to maintain a high level of operating performance in the workforce**	Every year, extensive staff training programs in Health, Safety, Environment & Quality (HSEQ), compliance, functional, and cross-functional training are conducted. In 2021, an additional training program that is focused on issues pertaining to sustainable development and climate change was added to the company's internal training programs

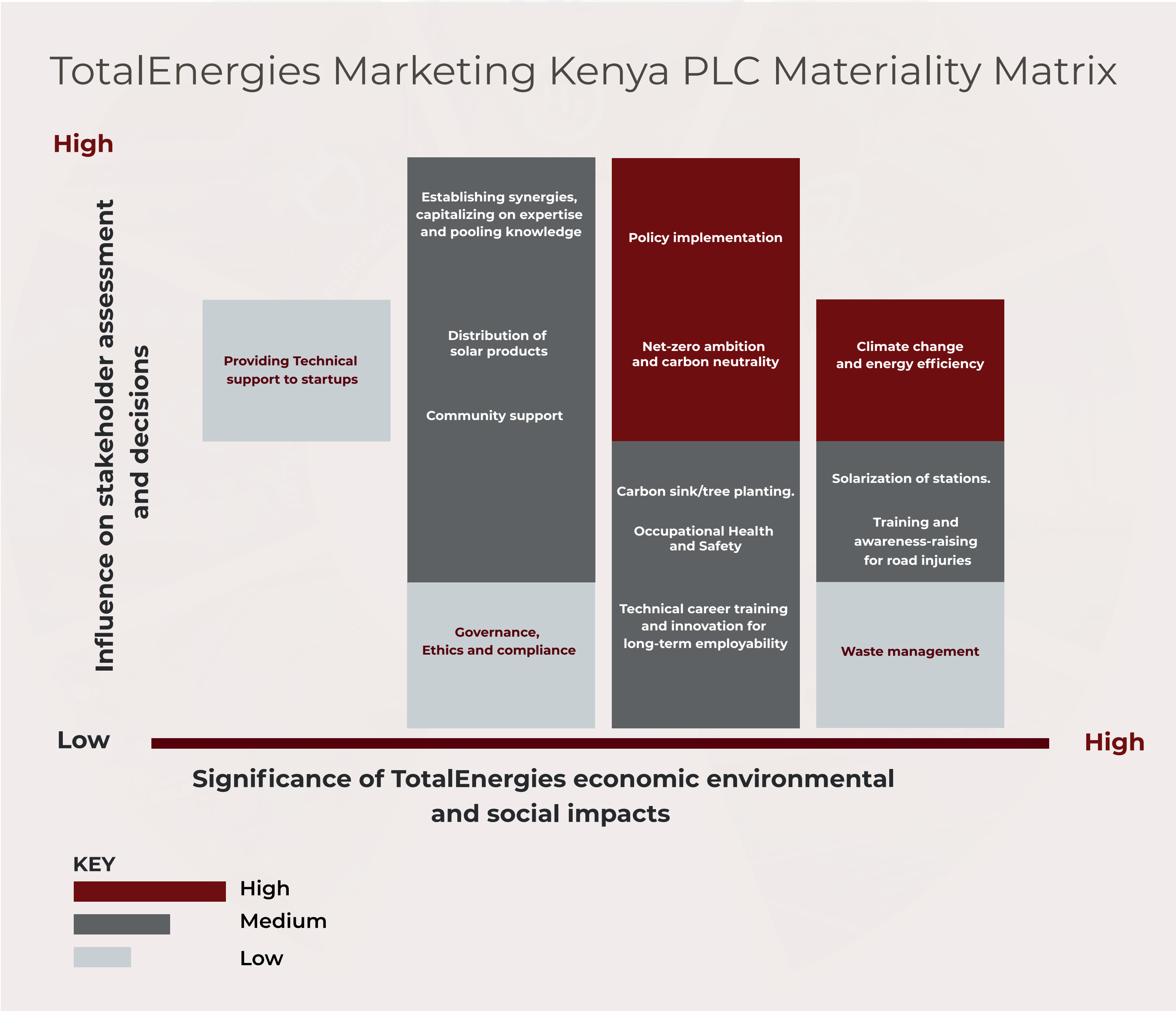
TotalEnergies Senior Management engaging in tree planting at Limuru Road service station

SUSTAINABILITY REPORT

3. ENERGY RE-INVENTING ITSELF

3.4 Materiality Assessment

After analyzing the results from our stakeholders' survey, the sustainability champions carried out an internal validation by presenting the findings to management from key departments including operations, audit, supply, human resources & administration, finance, HSEQ, commercial, and strategy & corporate affairs. This was followed by a weighting of the company's strategy, sustainability practices and disclosures against stakeholders' expectations. The resultant matrix is as follows: -



SUSTAINABILITY REPORT

3. ENERGY RE-INVENTING ITSELF

3.5 Stakeholder-Driven Material Sustainability Issues

	TMK's Material ESG Issues	Boundary & Impact	GRI Standards Disclosures
1	**ECONOMIC ISSUES**		
	Support of local suppliers	Customers, government and regulators, shareholders, community, and media	GRI 201: Economic Performance GRI 201 -1 Direct economic value generated and distributed GRI 205: Anti-corruption GRI 205-2: Communication and training about anti-corruption policies and procedures
	Payment of taxes		GRI 207: Tax GRI 207-1 Approach to tax
	Donations to the community	Communities and employees	GRI 201-2 Financial implications and other risks and opportunities due to climate change
2	**ENVIRONMENTAL ISSUES**		
	Climate change and energy efficiency	Customers, transporters and suppliers, government and regulators, shareholders, community, and media	GRI 305: Emissions 2016
	Solarization of stations	All stakeholders across our value chain	GRI 302: Energy 2016
	Distribution of solar products	Customers, regulators & communities	
	Environmental policy implementation Establishing synergies, capitalizing on expertise & pooling knowledge	All stakeholders across our value chain	GRI 307: Environmental Compliance 2016 GRI 308: Supplier Environmental Assessment
	Waste management		GRI 306: Effluents and Waste
	Carbon sinks & tree planting	Communities, suppliers and contractors, transporters & neighboring communities	GRI - 304-3 Biodiversity 2016
3	**SOCIAL ISSUES**		
	Occupational Health and Safety	Employees and customers	GRI 403: Occupational Health and Safety 2016
	Training and awareness-raising for road injuries	Customers, suppliers and contractors, neighboring communities & government regulators	GRI: 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

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4. PERFORMANCE & PROGRESS

4.1 ECONOMIC PERFORMANCE

4.1.1 Financial Performance

Our direct and indirect taxes paid in 2021 amounted to KShs. 37.4 billion compared to KShs. 33.4 billion in the year 2020. In 2021, KShs. 11.9 billion was paid to the local suppliers for investments and goods and services compared to KShs. 11.3 billion in the year 2020. The total payout to employees amounted to KShs. 1.5 billion in 2021. Earnings per share decreased to KShs. 4.3 from KShs. 5.4 realized in 2021 due to sharp increase in fuel prices creating misalignment of the cost structure against the structured pricing model.

The company continues to focus on generating a level of cashflow that allow us to invest in profitable projects, preserving an attractive shareholders return and maintaining a strong balance sheet.

4.1.2 Community Investment

TMK supported the community through CSR donations impacting approximately 4,481 people. The donations were paid out to the community as follows:

Recipient	People Impacted	Donation amount (KShs.)	Contribution	Details
World Vision Kenya sponsorship	100	150,000	Cash	Cash donated to World Vision Kenya program for mentorship of 100 vulnerable children at Salgaa town.
Aswani Kizito Children's home sponsorship	80	300,000	Cash	The donation was courtesy of appeal by pro cyclist Suleiman Kangangi, who undertook a 1,000KM charity ride, of which the children's home was one of the beneficiaries.
SOS Children's Villages sponsorship	80	1,800,000	Cash	Annual sponsorship of four houses at the rescue centre (TMK) contribution KShs. 1.4 million and individual staff contribution KShs.400,000.
Rhino Charge 2021 fuel sponsorship	3,000	737,170	In-kind	Fuel sponsorship of the Rhino Charge 2021, an off-road 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.
G-Thamini Youth Group sponsorship	700	200,000	Cash	A youth support group based at Mukuru Slums in Nairobi. Support is towards Guidance & counseling services for youths, purchase of reading books, sanitary towels & office equipment.
StoryMoja Publishers 'Start a Library' sponsorship	99	100,000	Cash	Storymoja is a local children's book publisher who run a project where they donate reading books to public schools & children's homes to encourage reading culture.
Africa Extreme - KARI Bike Challenge sponsorship	40	350,000	Cash	Support towards the KARI Bike Challenge, a mountain bike competition aimed at raising funds for Safari Simbaz Trust that uses cycling to support children and youth from disadvantaged backgrounds.
Thika High School for the Blind sponsorship	382	150,000	Cash	Support towards the renovation of the school's French class room.
Total	**4,481**	**3,787,170**		

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4. PERFORMANCE & PROGRESS

Mr. Walter Odhiambo, National Director SOS Villages Kenya receives a cheque and donations from TMK Managing Director, Mr. Eric Fanchini (left) and HR Manager, Irene Muinde (right)

4.1.3 Code of Ethics

The Board of Directors of TMK established the Board Audit Committee (BAC) to review and monitor the integrity of the Company's financial statements, the effectiveness of its internal controls, and the effectiveness and objectivity of the internal and external auditors, as well as ensuring compliance with the statutory duties of the Committee as stipulated by the relevant legislation.

The company has allocated resources to build awareness, provide training, verify compliance, listen to concerns, and support employees with the goal of helping them to fully understand and effectively apply the Code of Conduct on a day-to-day basis, thereby promoting responsible decision-making by all employees. In this respect, the Compliance Officer and the Country Ethics Officer have been appointed to provide guidance daily.

The ethical commitment of TMK is at all times guided by Ethics and Business Integrity Directive and the Code of Conduct that are rooted in the company's five values. Our two core values, **Safety,** and **Respect for each Other**, are reflected in our organization's procedures and guidelines to provide practical guidance for upholding the Code of Conduct in our day-to-day actions.

All employees and stakeholders are advised to report all actual and suspected cases of corruption, bribery, fraud, theft, or non-compliance with laws, rules, and regulations involving any of our employees, customers, suppliers, contractors, and other business associates. The Integrity Committee, composed of 5 Executive Members of the Company, receives, considers, and investigates, where necessary all internal and external complaints, relating to integrity matters. It also promotes integrity among employees and partners through training and sensitization. The Integrity Committee reviews investigation reports as well as compliance reports and pursues disciplinary actions. Ethics and proper conduct are key aspects of all company contracts and annual declaration of commitment by all employees.

The Board Risk and Governance Committee (BRGC) is responsible for oversight of the strategic and compliance risks management using the established risk management framework. Ethical and sustainability risks are part of the risk management process.

4.1.4 TCFD Disclosures

TMK's voluntary adoption of the Task force on climate-related financial disclosures (TCFD) recommendations will provide climate-related financial information to complement our sustainability reporting. As we continue to assess our sustainability impact, the company will embrace the TCFD framework to better articulate climate-related risks that have a financial impact on our business. This section describes how we intend to manage climate-related risks and opportunities, with reference to the four key TCFD pillars.

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4. PERFORMANCE & PROGRESS

Core Element	Recommended Disclosure	TMK's Approach
1. Governance	Describe the Board's oversight of climate-related risks and opportunities.	The Board is committed to strategically integrating sustainability across key aspects of TMK's business and advancing our sustainability efforts. The Board provides guidance to the sustainability champions through the management team. A Board sustainability committee proposed to be set up to provide advisory oversight to TMK's sustainability strategy, initiatives, and reporting on our environmental, social and governance (ESG) framework, as well as key ESG targets and performance. The committee will have oversight of climate-related risks, opportunities and initiatives that drive climate mitigation and adaptation strategies. The sustainability champions will update the Board committee through a Quarterly Sustainability Report and on ESG global and national trends, best practices, any changes in regulations, and issues that require the board sustainability committee's advice. The progress against our climate-related goals and targets will be tracked regularly and the performance of the sustainability strategy reported through our online Quarterly Sustainability Report, in addition to the annual Integrated Sustainability Report. These reports will be sent promptly to the board sustainability committee, the sustainability champions, and all Heads of Departments (HODs). They will also be publicly available on TMK's website.
		The sustainability champions will report directly to the management team who will report to the Board sustainability committee. The sustainability champions will engage all levels of the company's operations and should comprise the management-level staff of all business units. The champions will form sub-committees along with TMK's material sustainability issues and will be accountable for the company's sustainability performance through TMK's remuneration and appraisal processes. Each sub-committee will be supported by relevant management and operational staff across all departments and operational units. The primary responsibilities of the sustainability champions are to execute the climate-related strategies, monitor the performance of their business units in meeting TMK's sustainability goals and targets, and track and record their performance. The sustainability champions will be informed of climate-related issues related to the business and our progress against our ESG goals and targets through online Quarterly Sustainability Reports, in addition to the annual Sustainability Reports.
2. Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	TMK's sustainability strategy will consider setting long-term climate-related goals and targets towards 2030, a milestone year for the achievement of the Sustainable Development Goals (SDGs). Short-term interim targets will be reviewed annually to monitor our progress. TMK is adopting TCFD's classification of climate-related risks and opportunities, which outlines both transition and physical risks to establish the causal links between changes in climate and weather patterns, related national and global policies and the financial impacts on our business.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	In the UN climate conference COP26, member states explicitly acknowledged the importance of limiting global warming to less than 1.5°C, rather than the previous Paris Agreement target of 'well below 2°C'. COP26 also saw more countries announcing net-zero targets, and a global agreement to 'phasedown' unabated coal power and phase out inefficient fossil fuel subsidies. These measures increase the uncertainty of the macroeconomic environment for companies in the oil sector, reinforcing the importance of placing climate change risk at the heart of strategic decision-making, and of minimizing climate impact.
3.Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	TMK has been conducting biennial comprehensive materiality assessments since 2018 to identify and prioritize material ESG issues based on our stakeholders' insights. In addition to comprehensive studies, an assessment will be conducted in 2022 to validate the material issues, which will consider voluntary and regulatory requirements—both existing and emerging. In our climate change scenario analysis, climate-related risks will be identified and categorized based on their explicit financial impacts as provided by TCFD. These risks are considered strategic business risks and will be managed under the company's Risk Management framework.
4. Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Since TMK embarked on its sustainability journey about three years ago, the company continues to put in place policies, processes, and systems to measure our efforts in environmental protection and conservation. Our sustainability reporting is evolving into a unique hybrid model using Global Reporting Initiative (GRI) Standards, SDG Reporting and now the TCFD framework. Our Integrated Sustainability Report addresses the increasing and more diverse demands for corporate ESG disclosures by investors and stakeholders. Key metrics on carbon emissions, energy, and water usage, will be published in our annual Integrated Sustainability Report. Monitoring and reporting these metrics continue to help us in identifying areas with highest climate-related risks so that we can be more targeted in our efforts.

SUSTAINABILITY REPORT

4. PERFORMANCE & PROGRESS

4.2 Becoming Net-Zero on all Direct Carbon Emissions by 2050

Mitigating climate change is an important objective for TotalEnergies both globally and in Kenya. TMK aims to achieve corporate leadership in climate action by strengthening our resource-efficient portfolio towards a climate-resilient future. Our target to achieve Net-Zero by 2050 builds upon our pioneering efforts in environmental protection and climate action across our businesses since 2003 when the company began the TotalEnergies Eco Challenge. Over the years, TMK has continued with our tree planting initiatives to create carbon sinks as part of our carbon mitigation efforts. Details can be found in the Preserving the Environment section.

4.2.1 Carbon Emissions Performance

TMK has voluntarily reduced its annual carbon emissions for our corporate office operations since 2019. Several Energy Conservation Measures (ECMs) have been implemented at various TMK facilities. These are geared towards reduction of our Green House Gas (GHG) or carbon emissions. These actions are related to Scope 1 and 2 emissions. Scope 1 emissions are direct emissions of greenhouse gases from a company' sites or activities. Scope 2 emissions are indirect emissions attributable to brought-in energy (electricity, heat, steam), i.e., emissions connected with a third party's production of energy purchased.

ECMs taken include replacement of fluorescent tubes and halogen type lights with LED lights at the Head Office, Mombasa Joint Terminal (MJT) Shimanzi, Lubricant Oil Blending Plant (LOBP) and Nairobi Lubes Warehouse respectively. Translucent (polycarbonate) roofing sheets were also installed at LOBP, Nairobi Lubes Warehouse and Kisumu Depot and replaced diesel-powered forklifts with LPG powered ones. TMK re-sized pumps at MJT Shimanzi and replaced a fixed speed ZT 200 KW compressor unit with a variable speed ZT 160 KW compressor. All these measures resulted in a 10% reduction in our emissions levels in 2021 compared to 2020 despite having increased operations in 2021. In September 2021, TMK launched the first receipt of lubricants through rail from LOBP in Mombasa to the Nairobi Lubes Warehouse. The shift from road to rail is aimed at reducing emissions in transportation of lubricants, cost reduction and safety on our roads.

Launch of the first receipt of lubricants by rail by the Executive Vice President Central & East Africa and TMK Managing Director

SUSTAINABILITY REPORT

4. PERFORMANCE & PROGRESS

TMK also recognizes the importance of addressing Scope 3 emissions which are related to the use of energy products by our customers.

Efforts are ongoing towards identifying the largest source of emissions for TMK. This will frame our carbon mitigation strategy which will advance our commitment to low-carbon operations. TMK also plans to embrace the TCFD framework in our sustainability reporting for the coming year. To further decarbonize our business, we intend to strengthen our supply chain engagement by educating and influencing our product and services users to drive change in mindset and action. In 2021, we also offered an e-learning training on Climate Change to our employees. The training which is titled, "Climate at the center of our strategy" is aimed at raising awareness on issues pertaining to sustainable development and climate change. TMK also provided an Energy Landscape booklet which gives an overview of the global energy system and sheds light on the current energy transition.

4.2.2 Energy Production and Consumption

Energy is intrinsically linked to the challenge of climate change. TotalEnergies is transforming itself into a global multi-energy company. Massive investments have been made in solar and wind power as well as in energy storage which is an indispensable aspect of the renewable energy landscape and a major challenge for the future of power grids. TotalEnergies' energy mix of our sales will therefore shift significantly, and could stand at 50% gas, 30% petroleum products, 15% majority-renewable electricity and 5% biomass and hydrogen by 2030. The objective is to become one of the global top five producers of renewable energy by 2030.

The company intends to continue improving its energy performance through careful review and implementation of energy management plans. In the next 12 months, TMK will take a holistic view towards energy reduction by adopting measures across the entire value chain ensuring each business unit adheres to guidelines that detail the strategic initiatives, performance standards, and specific requirements relating to energy efficiency and climate mitigation measures.

4.2.2.1 Energy Reduction Initiatives

In 2015, TotalEnergies set a global target to equip 5,000 stations, in 57 countries worldwide, with solar panels within five years. This target was achieved and reviewed to include installing solar panels in 2,500 stations in Africa by end of 2022. TMK's investments in the country continue to support this global ambition. TMK has been installing solar panels on the rooftops of our service stations across the country since 2017. The solar energy powers lighting, fuel pumps, fridges, air conditioning and coffee machines thus reducing reliance on the electricity grid. By December 2021, solar panels had been installed in 141 stations (62% of all our retail service stations) as well as at the Kisumu Lubes warehouse. With an installed peak capacity of 1.3MW we are able to produce 2.17GWh of energy annually from our solarised stations. This contributes to elimination of 200MT of CO2 emissions annually translating to a savings of between 20-40% depending on the capacity installed at the station.

Solar panels installed at the Burnt Forest TotalEnergies Service Station

SUSTAINABILITY REPORT

4. PERFORMANCE & PROGRESS

Solar lanterns are also part of our business portfolio and are sold through our extensive service station network, other reseller outlets, and in partnership with corporate organizations, NGOs, MFIs and SACCOs. Through access to energy program a total of 486,000 solar lamps have been distributed impacting over 2.3 million lives since the program was launched in 2011. In 2021, TMK impacted 135,591 lives in Kenya through the distribution of 28,248 solar lamps. This was an increase from 24,501 lamps sold and distributed in 2020. The increase was owing to a diversification in marketing channels beyond service stations. The target is to sell and distribute 32,000 solar lamps in 2022.

TMK has initiated the process of biofuels development in Kenya because we believe that the promotion and use of biofuels as a future energy source cannot be ignored. Together with industry stakeholders we have participated in developing petroleum standards and regulations to deploy biofuels in Kenya with an aim of holistically addressing matters pertaining to biodiesel development. The company will progressively continue engaging MOPM and EPRA on appropriate transition and integration of conventional fuels with biofuels.

4.3 PRESERVING THE ENVIRONMENT

Our environmental responsibility starts with the design of processes and facilities, including product shipment and storage as well as waste management, pollution prevention and public education.
Every year, TMK conducts an environmental audit by identifying our main environmental risks based on past and existing negative impacts experienced by the company and in the industry as well as considering new types of negative impacts that could arise in the future based on what the company does, where it operates, source or sells its products and services throughout its value chain. Our actual and potential negative environmental impacts and risks include:

- Accidental pollution caused by truck drivers while transporting oil or LPG, which is highly flammable.
- Liquid, gas (emissions) or solid discharge, or the unsustainable use of natural resources through improper storage, handling, and distribution.
- Damage to biodiversity and ecosystems during projects and operations, especially those located in sensitive natural environments, for example, oil contamination on the ground and water sources.
- The production of solid waste, effluent, and sewage generation.

Last year, all our depots and service stations underwent the annual environmental audit which is conducted by National Environment Management Authority (NEMA) licensed Environmental Expert SGS Kenya in line with the requirements of the EMCA and Environmental Audit Regulations.

4.3.1 Environment, Health and Safety

TMK has stringent health and safety standards and conducts several training workshops and audits on an annual basis. With this aim, the Health, Safety, Environment and Quality (HSEQ) division manages in an integrated manner the environmental, safety, health and societal challenges related to the company's operations. It coordinates the implementation of the Group's HSEQ Charter by defining and monitoring the implementation of the One MAESTRO internal reference framework. The company is committed to the prevention of accidents to people and property, fire, security incidents, pollution and damage to the environment, product contamination, delayed or under deliveries, and to the improvement of customer feedback processes.

TMK operates two fuel depots, a lubricant blending plant, two LPG plants, three aviation depots as well as three lubricant and LPG warehouses. TMK manages all facilities in line with international safety and quality standards with the objective of maintaining zero accidents throughout our operations. TMK in conjunction with Oil Spill Mutual Aid Group (OSMAG) and the Kenya Ports Authority holds an annual marine oil spill emergency response training and drill exercise for the industry every year. In 2021, two drills were held; in Mombasa on 3rd December and another inland industry drill in Nairobi on 7th December

4.3.2 Preserving and Protecting Biodiversity

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

The Eco-Challenge program in collaboration with the Kenya Forest Service (KFS) in Kwale and the local community conducted a tree planting activity in Majoreni Area. A total of **3,700 trees** were planted by 4 TMK staff members and about 50 villagers during the event.

To celebrate the 2021 World Environment Day, TMK, along with other TotalEnergies affiliates, held discussions around the Company's strategy and ambition of carbon neutrality by 2050. The discussions were themed, 'Towards carbon neutrality, reinventing energy' and were held both online and physically at our depots. The session was attended by 171 participants including the Health, Safety and Environment Director for Africa. Thereafter, TMK held a commemorative tree planting event at our Nairobi LPG Plant led by our Finance Director, and the HSEQ Manager. Similar tree planting events were held at Mombasa Joint Terminal (MJT) Shimanzi, MJT Changamwe and Nairobi Refuelling Services Depots where a total of **610 trees** were planted.

The company also sponsored the Kenya Agriculture Research Institute (KARI) mountain biking challenge to uplift children in disadvantaged communities. About 90 cyclists took part in the grueling 60km race. To mark the event, TMK planted **120 trees** at a school within the KARI grounds. Our employees were assisted by some of the cyclists and school pupils.

SUSTAINABILITY REPORT

4. PERFORMANCE & PROGRESS

Staff tree planting at Majoreni in Kwale

Tree planting at Madaraka Primary School and the Uhuru Police Camp

SUSTAINABILITY REPORT

4. PERFORMANCE & PROGRESS

Overall, a total of **22,010 trees** were planted in 2021 in various sites including Mau Forest, Majoreni in Kwale, Karura Forest, Madaraka Primary School, Uhuru Camp and our LPG operation sites.

Additionally, 4.5 hectares of land was adopted at Karura Forest for planting 4,500 trees by TMK employees and customers in collaboration with our then brand ambassador, the decorated long-distance athlete, Eliud Kipchoge

4.3.3 Waste Management Strategy and Performance

TMK is driven by effective management and reduction of waste generation. We target to reduce our waste intensity for our offices and managed properties by continuously investing, innovating, and adopting leading edge technology to significantly reduce industrial waste. As an energy company, the bulk of our waste is generated by our service stations and processing plants. All the company's generated waste at both our plants and service stations is disposed off in accordance with local waste regulations. In line with the principles of a circular economy, TMK is committed to waste minimization and efficient use of resources throughout our value chain. As part of our holistic Environment, Health & Safety (EHS) management system framework, we continually review our waste minimization and recycling initiatives for all our operations.

4.3.3.1 Safe Waste Oil Disposal

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

In 2021 the volume collected from TMK sites was 129,410 litres compared to 115,945 litres collected in 2020.

Waste Oil Collection for Disposal at a TotalEnergies station

4.3.3.2 Plastic Waste Recycling

To reduce plastic pollution, TMK and Mr. Green Africa, a pioneer recycling company in East Africa partnered in 2021 to raise awareness, influence attitude, and positive behaviors on safe disposal of plastic waste.

TMK and Mr. Green launched two plastic waste collection points on a pilot basis at the Gigiri and Ngong Road service stations. Our **customers earn "green points"** every time they deliver plastic waste to the collection points which can be redeemed with purchases made at our Bonjour shops. Upon collection of the plastics waste, Mr. Green transports it to their treatment facility where it is converted to raw material to produce new plastics. A total of **15 metric tonnes** of plastic waste was collected throughout the year. Our ambition is to continue promoting more plastic collection points.

4.3.3.3 Electronic Waste Management

In 2015, a team from the TotalEnergies global office carried out a study on how to recycle solar products. The team identified and tested two recycling channels for these pico-photovoltaic products in Cameroon and Kenya. As a result, TMK set up a partnership with the Waste Electrical and Electronic Equipment Centre (WEEE) in Kenya to collect used electronic products from TMK, dismantle them and upgrade the

SUSTAINABILITY REPORT

4. PERFORMANCE & PROGRESS

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

use of the electronic waste materials at our sites. In the last 5 years, TMK and WEEE Centre, have safely disposed around 10,000 solar lanterns. Discussions are ongoing to extend the collaboration to include circular solutions, increased collection points & awareness creation.

TMK remains steadfast in achieving efficient waste management at the sites and seeks to reduce, reuse, and recycle waste across every stage of the value chain. The Company is adopting a reduction strategy that considers the waste management hierarchy approach, whose focus to reduce waste at source before considering reusing and recycling.

4.4 RESPECTING AND MOBILIZING THE VALUE CHAIN

4.4.1 Reducing Road Deaths and Injuries

TMK continues to be a major partner and contributor of Safe Way Right Way (SWRW), an NGO promoting road safety along the Northern Corridor. Through this partnership, the company has also been conducting commercial motorcycle rider training programs since 2011. The training programs cover the mandatory government curriculum as well as sessions with traffic police and road crash victims. The objectives of the training are to improve the riders' perception and avoidance of risk on the road and to train and test riders to enable them acquire driving licenses and comply with the law. In 2021, the company trained 300 motorcycle riders. TMK and Safe Way Right Way plan to train 800 riders in 2022 and incorporate a personal protective equipment awareness module.

4.4.2 Technical, Vocational and Higher Education

In 2015, TMK launched the Startupper Challenge to identity and support young entrepreneurs with innovative business ideas or projects that have a positive impact on their communities and the planet. The program continues to provide coaching and appropriate mentorship to the winners.

4.4.3 Employee Skills Training

Every year, the company conducts extensive staff training programs in Health, Safety, Environment & Quality (HSEQ), compliance, functional, and cross-functional training. It has also added training on climate change, whereby over 90% of our staff members were trained on issues pertaining to sustainable development and climate change. TMK engages all its station dealers, major contractors, and suppliers on the annual World Day for Safety (WDFS) and trainings that give clear guidance to suppliers on matters related to safety, environment, quality and health. Moreover, we aim to improve our employees' physical and mental health and wellbeing, creating a positive environment around mental health through supportive action, innovative programmes, partnerships and offers.

4.4.4 Gender Equality

The company wants its workforce and customers to experience greater equity – fair treatment according to everyone's different needs and situations. It therefore aims to improve workforce diversity and workplace inclusion, making customer experiences more inclusive and including more women in leadership roles as well as underrepresented or minority groups in our operations. In 2021, 11 new employees were onboarded, 7 of them were female and 4 male.

Employees are allowed 12 weeks paid maternity and 2 weeks of paternity leave as advocated by the Kenya Government. There are lactating rooms for mothers at the offices that ensures a comfortable working environment for young mothers.

4.4.5 COVID-19 response

TMK prioritizes the health and safety of our employees and stakeholders. COVID-19 emerging risks called upon us to put additional measures in our daily operations to safeguard the health and safety of our employees, customers, stakeholders as well as all aspects of our operations. Best practices and guidelines were shared through videos, e-newsletters, emails, company-sponsored psycho-social support tools and counselling.

COVID-19 information and prevention tips are provided regularly to employees as well as innovative and critical personal protection equipment. Various digital platforms for conducting meetings were adopted to maintain recommended social distancing protocols. A key milestone in 2021 was advocating for and facilitating access to the COVID-19 vaccine to our employees and stakeholders within TMK facilities. We ran a countrywide vaccination drive in November 2021 at various TMK sites countrywide where 95% of our employees received the vaccine. We will continue to collaborate with the Ministry of Health with regards to the rollout of booster vaccine doses.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	GRI Disclosure No.	Disclosure Title	Mapped to SDGs	Page No.
GRI 101: FOUNDATION 2016				
General Disclosures				
Organizational Profile				
GRI 102: General Disclosures 2016	102-1	Name of the organization	n/a	31-33
	102-2	Activities, brands, products, and services	n/a	34-35
	102-6	Markets served	7,13	34-35
	102-7	Scale of the organization	9,7,13, 5	31-36
	102-8	Information on employees and other workers	5,9,3,4,8,10	31,32,41,46,49
	102-9	Supply chain	3,9,12	37-43, 44-45
	102-11	Precautionary Principle or approach	n/a	41-48
	102-12	External initiatives	12,15,7	41-47
Strategy				
	102-14	Statement from senior decision-maker	n/a	31
	102-15	Key impacts, risks, and opportunities	n/a	36,37-39, 41, 44
Ethics & Integrity				
	102-16	Values, principles, standards, and norms of behavior	16	33
	102-17	Mechanisms for advice and concerns about ethics	16	42
Governance				
	102-21	Consulting stakeholders on economic, environmental, and social topics	n/a	37-39
	102-29	Identifying and managing economic, environmental, and social impacts	7,9,13,12,15,3,4,5,8	40-49
	102-31	Review of economic, environmental, and social topics	7,9,13,12,15,3,4,5,8	40-49
Stakeholder Engagement				
	102-40	List of stakeholder groups	n/a	36
	102-42	Identifying and selecting stakeholders	n/a	35-36
	102-43	Approach to stakeholder engagement	7,9,13,12,15,3,4,5,8	35-38
	102-44	Key topics and concerns raised	7,9,13,12,15,3,4,5,8	36, 40
Reporting Practice				
	102-46	Defining report content and topic boundaries	n/a	35
	102-47	List of material topics	7,9,13,12,15,3,4,5,8	39-40
	102-50	Reporting period	n/a	35
	102-51	Date of most recent report	n/a	35
	102-52	Reporting cycle	n/a	35
	102-54	Claims of reporting in accordance with the GRI Standards	n/a	35
	102-55	GRI content index	n/a	50-51

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GRI CONTENT INDEX

GRI Standard	GRI Disclosure No.	Disclosure Title	Mapped to SDGs	Page No.
GRI 101: FOUNDATION 2016				
Topic-Specific Standards				
Occupational Health, Safety and Well-being				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	n/a	39-40
	103-2	The management approach and its components	n/a	35-40
	103-3	Evaluation of the management approach	n/a	35-40
GRI 403: Occupational Health and Safety 2018	403 -4	Worker participation, consultation, and communication on occupational health and safety	8,16	49
	403-5	Worker training on occupational health and safety	8	49
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	8	49
Economic Contribution to Society				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	9	41-43
	201-2	Financial implications and other risks and opportunities due to climate change	13	41-43
GRI 207: Tax	207-1	Approach to tax	n/a	40-41
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	n/a	42-43
Energy Efficiency and Adoption of Renewables				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	7,8,12,13	44-46
	302-4	Reduction of energy consumption	7,8,12,13	44-46
Climate Resilience				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3,12,13,14,15	44
	305-2	Energy indirect (Scope 2) GHG emissions	3,12,13,14,15	44
	305-3	Other indirect (Scope 3) GHG emissions	3,12,13,14,15	45
	305-5	Reduction of GHG emissions	13,14,15	44
Future-ready Workforce				
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	8	36, 49
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GRI 306: Waste 2020	306-3	Waste generated	3,12,11	48-49

ABBREVIATION

Abbreviation	Meaning
BAC	Board Audit Committee
BRGC	Board Risk and Governance Committee
CO2	Carbon Dioxide
CSR	Corporate Social Responsibility
EPRA	Energy and Petroleum Regulatory Authority
EHS	Environment, Health & Safety
EMCA	Environmental Management and Coordination Act
ECMs	Energy Conservation Measures
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
GPS	Global Positioning System
GW	Gigawatt
HSE	Health, Safety and Environment
HODS	Heads of Departments
HSEQ	Health, Safety, Environment and Quality
LED	Light-Emitting Diode
LOBP	Lubricant Oil Blending Plant
LPG	Liquified Petroleum Gas
MAESTRO	Management and Expectations Standards Towards Robust Operations
MFIs	Microfinance Institutions
MJT	Mombasa Joint Terminal
MOPM	Ministry of Petroleum and Mining
NGOs	Non-Governmental Organizations
NEMA	National Environment Management Authority
OSMAG	Oil Spill Mutual Aid Group
PLC	Public Limited Company
PIEA	Petroleum Institute of East Africa
SWOD	Safe Waste Oil Disposal
SACCO	Savings and Credit Cooperative Organization or Society
SDGs	Sustainable Development Goals
SRM	Stakeholder Relationship Management
SWRW	Safe Way Right Way
TCFD	Task Force on Climate-related Financial Disclosures
WED	World Environment Day
WEEE	Waste Electrical and Electronic Equipment

CHAIRMAN'S STATEMENT

"TotalEnergies is developing a wide range of energies in an integrated approach to decarbonize our energy offering and generate a competitive advantage that will create long-term value for our customers, shareholders and other stakeholders."

CHAIRMAN'S STATEMENT

It is my great pleasure to welcome you, distinguished shareholders, to the 68th 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 2021.

I would like to begin by thanking your immediate past Chairman, Mr Jean-Phillippe Torres, for his commitment in spearheading the performance of your company. I would like to congratulate him for his promotion to the position of Senior Vice President responsible for TotalEnergies Marketing Africa and I am delighted he accepted to remain on the board, as a Director of TotalEnergies Marketing Kenya PLC. I wish him all the best and great success in his appointment and look forward to his valuable contributions in your company.

In 2021, the world experienced an upsurge of the Covid-19 pandemic emanating from emergence of various variants of the Corona virus. In response, the Government of Kenya embarked on a vaccination drive for its citizens in March 2021. Through the Ministry of Health, the vaccination campaign has been successfully fast-tracked thus leading to a significant reduction in the infection rate in the country. The Government is still mobilizing and consistently advocating for vaccinations. I encourage those who have not already done so to take advantage of the opportunity. The environment remains uncertain and unpredictable, making it difficult to hold a huge indoor physical meeting. I thank you for attending this Annual General Meeting virtually.

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

The return-to-office phased-out approach based on our business continuity plan was reviewed regularly, and all head office staff resumed working from the office effective 15th November 2021. Management also ensured that all Company sites continued to observe the safety guidelines issued by the Ministry of Health. The Company equally engaged the services of a health consultant to provide support and advice on Covid-19 to the staff, while following up closely on the treatment and support of impacted employees and their families.

TotalEnergies new name and ambition to Net - Zero

In 2021, Total became TotalEnergies: and therefore Total Kenya PLC became TotalEnergies Marketing Kenya PLC. A new name for a new ambition to become a major player in the energy transition and to get to Net Zero by 2050, together with society. Our Company is transforming to provide tangible and sustainable solutions to the dual challenge of more energies and less emissions by leveraging on our strengths and values. TotalEnergies is developing a wide range of energies in an integrated approach to decarbonize our energy offering and generate a competitive advantage that will create long-term value for our customers, shareholders and all other stakeholders. As we head into the future, we are optimistic about the opportunities arising from the new strategic direction.

Petroleum Environment

The Oil Industry experienced a rapid upsurge in oil prices from January 2021, which adversely impacted working capital requirements and consumer prices.

The Petroleum Development Levy Order, 2020 (Legal Notice No. 124 of 2020) was approved on 18th March 2021. This legal notice gave the Cabinet Secretary for Petroleum and Mining (MoPM) powers to cushion consumers from sharp spikes in the cost of fuel when crude oil crosses USD50 per barrel. In April 2021, the price stabilization was implemented following the sharp increase of the landed cost of petroleum products which had been witnessed since January 2021.

In an effort to develop Biofuels in Kenya, the industry through the Petroleum Institute of East Africa initiated discussions with the Kenya Bureau of Standards (KEBS) to develop standards for biodiesel. A task force incorporating representatives from the Oil and Motor industries developed draft standards, which KEBS subjected to public review and comments between December 2021 and January 2022. This is a key milestone towards deployment of blended fuels, thus reducing carbon emissions. The industry through the PIEA will continue to engage the Energy and Petroleum Regulatory Authority over deployment of blended fuels in the Kenyan market.

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) remains pending as at year end 2021. The recovery of these inventories has been and is still a matter of discussion between the industry through PIEA, KPRL, the Ministry of Petroleum and Mining and EPRA. Consultations between the State Department for Petroleum under MoPM, EPRA, and the Attorney General are still ongoing. We remain optimistic of recovering our inventories' worth.

Economic Environment

There was a strong GDP recovery in 2021 with an economic growth estimated to have expanded by 7.5% compared to a contraction of 0.3 % in 2020 as per Kenya National Bureau of Statistics (KNBS). The rebound marking the highest one-year growth that the country has recorded in the last five years supported by the easing of COVID-19 restrictions, ongoing deployment of vaccines and global demand recovery. This recovery was boosted by a strong recovery of transport & storage sectors, education, information, and communication and robust performance of manufacturing and construction sectors. According to the World Bank, the Economic Outlook of 2022 is expected to remain robust given the sound macroeconomic environment, nevertheless, there still remains the risks posed from uncertainties in the global economy, supply chain disruptions and emergence of Covid-19 variants.

Performance

The Company's performance remained resilient with positive profit after tax of KShs. 2,739 million (2020: KShs. 3,297 million) in the challenging environment of sharp increase in fuel prices. In this particularly challenging context, the implemented action plans by the Board and Management proved their resilience, highlighting the quality of our portfolio.

During the year under review, the Company's statement of financial position remained strong with total assets of KShs. 47.03 billion (2020: KShs. 42.99 billion). The Company invested KShs. 2,188 million (2020: KShs. 1,720 million) in line with the business strategy to enhance safety standards in our operations and continue to build a profitable and sustainable multi-energy company.

CHAIRMAN'S STATEMENT

Sustainability and Corporate Social Responsibility

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

As a major energy player, we have made our commitments to the economy and environment. Community engagement is an integral part of our strategy. We act in a sustainable and responsible manner every day in ensuring people's safety and security to meeting the challenges of climate change and strengthening our integration into local communities. This is what being committed to better energy is all about. At TotalEnergies Marketing Kenya PLC, we are committed to finding solutions to the challenge of climate change, while also supporting social and economic development in Kenya by providing energy that is more affordable, more reliable, cleaner and accessible to as many people as possible.

Being a broad energy company, TotalEnergies has the ambition to become a Net Zero emission company by 2050 together with society. During the year 2021, TotalEnergies Marketing Kenya PLC deployed its strategy of Energizing the Future in line with the Group ambition of energy transformation. The strategy encompasses a road map (2021-2025) along 8 pillars namely:

- Contribute to climate ambition
- Ensure safety
- Foster sustainability
- Focus on customer centricity
- Provide new energies for transition
- Design innovative solutions for customers
- Develop teams
- Deliver performance

Over 90% of staff have been trained on TotalEnergies strategy themed "Climate at the centre of TotalEnergies's strategy."

Sustainable development has been put at the heart of our strategy and our commitment has four pillars:

i. **Climate and sustainable energy:** Leading the transformation of the energy model to combat climate change and respond to people's needs.

ii. **Well-being of people**: Being a leading name as an employer and a responsible operator. In 2021 the company launched Startupper of the year challenge 3rd edition receiving 1,012 valid applications from young Kenya entrepreneurs.

iii. **Environmental excellence:** Accelerating progress on environmental stewardship.

iv. **Creating value for society:** Generating shared prosperity across regions. TotalEnergies Marketing Kenya PLC also considers the SDGs as an opportunity to better-measure and assess its contribution to society and thus has identified the SDGs through which it can have the greatest impact.

Social programmes: The Company is a major partner and contributor to Safe Way Right Way (SWRW), an NGO promoting road safety along the Northern Corridor. The organization champions road safety advocacy among the public and key stakeholders including motorists, motorcyclists, and pedestrians. In 2021 SWRW achieved the following amongst others:

- Trained 300 commercial riders on high-risk roads in Nairobi. Riders have been tested by the Government and issued with driving licenses.
- Jointly advocated for the development of Kenya's National Road Safety Action Plan.
- Participated in the handover of the Global Plan for the second UN Decade of Action for Road Safety 2021-2030 to NTSA.

Ecochallenge Program: Established in 2003, has continued to inspire Kenyans to plant more trees outside the existing forest cover. In 2021 the TotalEnergies Ecochallenge coordinated the planting of 22,010 trees in different parts of the country together with staff and the community. Additionally, towards environmental conservation support, the affiliate donated KShs. 737,170 worth of fuel sponsorship to the Rhino Charge 2021. 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 2021, TotalEnergies Marketing Kenya PLC supported the SOS Children's Village with KShs. 1.8 million being an annual support towards the maintenance of 4 homes at the villages. Further to this the affiliate made the following donations amongst other initiatives:

- KShs.150,000 to World Vision Kenya program for mentorship of 100 vulnerable children at Salgaa town.
- KShs. 200,000 to G-thamini youth group based at Mukuru slums in Nairobi. A support towards guidance & counselling services for youths, purchase of reading books, sanitary towels & office equipment.
- KShs. 150,000 to Thika High School for the blind. A Support towards renovation of the school's French Room.
- KShs. 300,000 to Aswani Kizito Children's home sponsorship
- KShs. 100,000 to StoryMoja Publishers to Start a Library sponsorship
- KShs. 350,000 to Africa Extreme towards the KARI Bike Challenge sponsorship

CHAIRMAN'S STATEMENT

Outlook for 2022

Global oil prices have risen above USD100/barrel following the geopolitical tension between Russia and Ukraine. Consequently, the Open Tender premiums have increased and exacerbated global inflationary pressures and supply chain disruptions. These trends point to an uncertain future of continued increase in product cost impacting supply and demand. Notwithstanding, we remain optimistic that the economy will continue to grow.

Key industry infrastructure projects such as relocation of the Kipevu Oil Terminal jetty in Mombasa are at advanced stages of completion and commissioning is expected in 2022. This project was undertaken by the Kenya Ports Authority and the industry is anticipating a significant improvement in the supply of petroleum products and reduction of demurrage costs.

The Board remains steadfast to tap into new business opportunities and will continue to support Management in delivering on our strategies for increasing long-term value for our shareholders. The Board will also provide unwavering support to Management as they adjust business plans to reflect changes in customer needs and transitioning to our strategy of climate ambition to get to Net -Zero by 2050 and energizing the future. Our commitment is demonstrated by the change of the company name from Total Kenya PLC to TotalEnergies Marketing Kenya PLC. I am confident that the Company will continue to deliver superior performance and create sustained value for our stakeholders in 2022.

Dividends

The Board is pleased to recommend at this Annual General Meeting, your approval for the payment of a first and final dividend of KShs. 1.31 per share compared to last year's KShs. 1.57. The dividend will be payable on or around 31st July 2022 to shareholders on the register of members at the close of business on 30th June 2022, subject to withholding tax where applicable.

Acknowledgements

During the year 2021, Management continued to implement measures to safeguard the well-being of employees, particularly by encouraging and facilitating their vaccination against Covid-19. As a Board, we appreciate the commitment and continued dedication of Management in responding to the global crisis and ensuring business continuity. I would like to recognise the efforts of all those employees who have remained so dedicated to delivering an outstanding service to our customers and stakeholders over the past year despite the prevailing tough conditions.

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

To you Shareholders, I thank you for the confidence you have demonstrated by choosing to invest in TotalEnergies Marketing Kenya PLC.

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

OLAGOKE ALUKO

CHAIRMAN

TAARIFA YA MWENYEKITI

TAARIFA YA MWENYEKITI

Ni furaha yangu kuu kuwakaribisha nyinyi, wanahisa watambulika, kwenye Mkutano Mkuu wa Mwaka wa 68 wa TotalEnergies Marketing Kenya PLC na kuwasilisha kwenu Ripoti ya Mwaka na Taarifa za Kifedha za Kampuni za mwaka uliomalizika tarehe 31 Desemba 2021.

Ningependa kuanza kwa kumshukuru Bw. Jean-Phillippe Torres, ambaye alihudumu kama Mwenyekiti wa Bodi hii, kwa kujitolea kwake katika kuongoza utendaji maridhawa wa kampuni hii yenu. Hongera kwake pia kwa kuteuliwa kama Makamu wa Rais Mkuu wa TotalEnergies Marketing Africa na angali anahudumu kama mkurugenzi wa TotalEnergies Marketing Kenya. Namtakia kila la kheri na mafanikio makubwa kwa uteuzi wake katika nyadhifa hizo.

Ulimwengu mzima ulikumbwa na kuongezeka kwa janga la Covid-19 katika mwaka wa 2021 kutokana na kuibuka kwa aina anuwai za virusi vya Corona. Ili kukabiliana na janga hilo, Serikali ya Kenya ilianza harakati kabambe ya kuchanja raia wake mnamo Machi 2021. Kupitia Wizara ya Afya, kampeni hiyo ya chanjo imefanikiwa kutekelezwa kwa kasi na hivyo basi kusababisha kupungua kwa kiwango cha maambukizi hapa nchini. Serikali bado inazidi kuhamasisha na kutetea umuhimu wa chanjo mara kwa mara, nami ninawahimiza wale ambao hawajapata chanjo waende wakafanye hivyo. Hata hivyo, hali ingali isiyo ya uhakika na isiyotabirika, na hivyo basi kufanya iwe vigumu kuandaa mkutano mkubwa wa wengi kukutana mahali pamoja ili kukagua shughuli na utendakazi wa Kampuni hii yenu. Kwa mara nyingine tena, ninawashukuru nyinyi, wanahisa, kwa kuhudhuria Mkutano Mkuu huu wa Mwaka kwa njia ya mtandaoni.

Kampuni yenu imeendelea kuzoea mazingira haya tuliyo nayo ya kipekee na inazidi kuwa imara na bunifu ili kutoa masuluhisho endelevu kwa mahitaji ya wateja na washikadau wetu. Maadili yetu ya kimsingi ya **Usalama, Kuheshimiana, Ubunifu, Kushirikiana** pamoja na kuwa na **Dhamira ya Utendaji** wa kazi bora yanasalia kuwa nguvu yetu inayotuendesha.

Mpango wa wafanyikazi wa kurudi ofisini kulingana na mkakati wetu wa kuendeleza biashara ulitathminiwa mara kwa mara, na wafanyikazi wote wa ofisi kuu walianza kufanya kazi ofisini kuanzia tarehe 15 Novemba 2021. Usimamizi pia ulihakikisha kwamba sehemu zote za Kampuni ilimshirikisha mshauri mtoa huduma za afya ili kutoa usaidizi na ushauri wa Covid-19 kwa wafanyikazi wote. Pia, ilifuatilia kwa umakini matibabu na usaidizi kwa wafanyikazi walioathiriwa pamoja na familia zao.

Jina jipya la TotalEnergies na Matarajio ya Uchafuzi Sufuri (Net-Zero)

Katika 2021, Total ilibadilisha jina na kuwa TotalEnergies. Vilevile, Total Kenya PLC ilibadilika na kuwa TotalEnergies Marketing Kenya PLC: Jina jipya kwa ajili ya matarajio mapya ya kutaka kuwa mhusika mkuu katika mabadiliko ya sekta ya nishati na kufuatilia Net Zero ifikapo 2050, kwa kushirikiana na jamii. Kampuni yetu inabadilika ili kutoa suluhu zilizo wazi na endelevu kwa changamoto mbili za kuzalisha nishati zaidi na kuwepo na madhara madogo katika mazingira kwa kutumia uwezo na maadili yetu kama nyenzo. TotalEnergies inakuza aina mbalimbali za nishati katika mbinu jumuishi ya kuondoa kaboni kutoka kwa nishati inayotolewa na kuongeza uwezo wetu wa ushindani ambao utazidisha thamani ya muda mrefu kwa wateja wetu, wanahisa na washikadau. Tunapoelekea kwenye mustakabala wetu, tuna matumaini kuhusu fursa zinazoletwa na mweleko huu mpya wa kimkakati.

Mazingira ya Sekta ya Petroli

Sekta ya Mafuta ilikumbwa na kupanda kwa kasi kwa bei za mafuta kuanzia Januari 2021, hii ikiathiri vibaya mahitaji ya mtaji wa kufanya kazi na bei za watumiaji..

Sheria ya ushuru wa mafuta ya petroli, 2020 (Notisi ya sheria ibara 124 ya 2020) iliidhinishwa mnamo tarehe 18 Machi 2021. Sheria hii ilimpa Katibu wa Baraza la Mawaziri wa Petroli na Uchimbaji Maadini nguvu za kumlinda mnunuzi dhidi ya kupanda bei zaidi ya mafuta wakati ambapo bei ya mafuta ghafi inapovuka USD50 kwa kila pipa. Mnamo Aprili 2021, mpango wa kutuliza upandaji wa bei ulitekelezwa kufuatia kuongozeka zaidi kwa gharama za kuleta bidhaa za petroli kulikoshuhudiwa tangu mwezi wa Januari 2021.

Katika jitihada za kutengeneza Nishati za mimea hapa Kenya, tasnia hii kupitia Taasisi ya Petroli ya Afrika Mashariki ilianzisha mazungumzo na Idara ya Ukadriaji wa Ubora Bidhaa ya Kenya (KEBS) ili kukuza viwango vya dizeli itokanayo na mimea. Kikosi cha kazi kilichojumuisha wawakilishi kutoka sekta ya Mafuta na Viwanda vya Magari kilibuni rasimu ya viwango, ambavyo KEBS waliwasilisha kwa umma ili kupitia na kutoa maoni kati ya Desemba 2021 na Januari 2022. Hii ni tukio muhimu katika kufuatia usambazaji wa mafuta yaliyochanganywa, hivyo basi kupunguza utoaji wa kaboni. Sekta hii kupitia PIEA itaendelea kufanya mazungumzo na Mamlaka ya Udhibiti wa Nishati na Petroli kuhusu usambazaji wa mafuta yaliyochanganywa kwenye soko la Kenya.

Wanahisa waheshimika, suala lililoangaziwa katika ripoti ya mkaguzi wa nje Ernst & Young kama Suala Muhimu la Ukaguzi juu ya urejeshaji wa orodha za mafuta katika Kiwanda cha Kusafisha Mafuta cha Kenya (KPRL) bado ni jambo linalosubiriwa kufikia mwisho wa mwaka wa 2021. Urejeshaji wa orodha hizi umekuwa na bado unazidi kuwa suala la kujadiliwa baina ya sekta hii kupitia PIEA, KPRL, Wizara ya Petroli na Madini na EPRA. Mashauriano baina ya Idara ya Serikali ya Petroli chini ya MoPM, EPRA, na Mwanasheria Mkuu wa Serikali bado yanaendelea.. Tunasalia na matumaini ya kurejeshewa thamani ya orodha zetu.

Mazingira ya Kiuchumi

Kulipatikana afueni kubwa katika Pato la Taifa (GDP) katika mwaka wa 2021 huku kima cha ukuaji wa uchumi kikikadiriwa kuwa 7.5% ikilinganishwa na kupungua kwa asilimia 0.3 katika 2020 kwa mujibu wa Ofisi ya Kitaifa ya Takwimu ya Kenya (KNBS). Afueni iliyopatikana ikiwa ndio ukuaji wa kiwango cha juu Zaidi katika kipindi cha mwaka mmoja kuwahi kurekodiwa na taifa hili katika miaka iliyopita hii ikisaidiwa na kupunguzwa kwa vizuizi vya Covid-19, usambazaji unaoendelea wa chanjo na ufufuzi wa mahitaji ya kimataifa. Hii ilichochewa na ufufuzi thabiti uliyoshuhudiwa wa sekta za uchukuzi na uhifadhi, elimu, habari, na mawasiliano pamoja na utendaji imara wa sekta za viwanda na ujenzi. Kulingana na Benki ya Dunia, Mtazamo wa Kiuchumi wa 2022 unatarajiwa kuendelea kuleta natija nzuri na thabiti ya ukuaji katika mazingira ya uchumi kwa ujumla, lakini pia kwa kuzingatia tishio kubwa la hali ya kutokuwa na uhakika katika uchumi wa kimataifa, kutatizika kwa shughuli za ugavi na kuibuka kwa virusi anuwai vya Covid-19.

Utendaji

Matokeo ya utendaji wa Kampuni yalisalia kuwa thabiti kukiwa na faida chanya baada ya ushuru ya KShs. milioni 2,739 (2020: KShs. milioni 3,297) licha ya kuwepo mazingira magumu ya ongezeko kubwa la bei za mafuta. Katika muktadha huu wa chungu nzima ya changamoto, mipango ya kazi iliyotekelezwa na Bodi na Usimamizi ilithibitisha msimamo wao imara, yote haya yakisaidiwa na ubora wa jalada letu uwekezaji.

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Katika kipindi cha mwaka huo tunaokaririria, Taarifa ya Kampuni ya hali ya kifedha ilisalia imara kukiwa na jumla ya mali ya kiasi cha KShs. bilioni 47.03 (2020: KShs. bilioni 42.99). Kampuni hii iliwekeza KShs. milioni 2,188 (2020: KShs. milioni 1,720) hii ikenda sambamba na mkakati wetu wa biashara wa kuimarisha viwango vya usalama katika shughuli zetu na kuendelea kujenga kampuni yenye faida na inayotoa nishati anuwai na endelevu.

Uendelevu na Kuwajibika kwa Shirika katika Jamii

Wamilikihisa waheshimiwa, huu ni mwaka wanne mfululizo wa kuwasilisha kwenu Ripoti ya Uendelevu ya kifedha ya TotalEnergies Marketing Kenya, ambayo inapatikana ndani ya taarifa hii ya kila mwaka. Hili ni tangazo lenye uwazi na la hiari kuhusu matokeo ya utendaji wa kampuni hii kiuchumi, kijamii, kiutawala na kimazingira. Inajumuisha dhamira ya TotalEnergies Marketing Kenya na hatua makini za kujituma katika kuchangia ipasavyo maendeleo endelevu na shirikishi ya nchi kulingana na Malengo ya Maendeleo Endelevu (SDGs) yaliyopitishwa na Mataifa yote wanachama wa Umoja wa Mataifa katika mwaka wa 2015. Miradi hii endelevu ya TotalEnergies Marketing Kenya pia inaunga mkono juhudi za jumuiya ya nchi za kimataifa, za kujenga mustakabali uliyo salama kwa vizazi vijavyo.

Kama wahusika wakuu wa maswala ya nishati, tumefanya dhamira yetu kwa uchumi, mazingira na ushirikiano wa jamii kuwa sehemu muhimu ya mkakati wetu. Tunatekeleza kwa njia endelevu na ya kuwajibika kila siku katika kuhakikisha usalama na ulinzi wa watu ili kukabiliana na changamoto za mabadiliko ya hali ya hewa na kuimarisha ushirikiano wetu katika jumuiya za humu. Hivi ndivyo kujitolea kwa nishati bora kunahusu. Katika TotaEnergies Marketing Kenya, tumejitolea katika kutafuta suluhu la changamoto ya mabadiliko ya tabianchi, huku pia tukisaidia maendeleo ya kijamii na ya kiuchumi nchini Kenya kwa kutoa nishati ambayo ni nafuu zaidi, inayotegemewa zaidi, safi, na inayoweza kufikiwa na watu wengi zaidi iwezekanavyo.

Kwa vile sisi kama TotalEnergies ni shirika kubwa la nishati, tunajitolea kuwa kampuni ya uzalishaji ya uchafuzi sufuri (Net Zero) ifikapo 2050 kwa ushirikiano na jamii. Katika mwaka wa 2021, kampuni ya TotalEnergies Marketing Kenya ilianza kutumia mkakati wake wa Kuimarisha Mustakabala kulingana na azma ya Kundi ya kuleta mabadiliko katika nishati. Mkakati huu unajumuisha mwongozo kabambe (2021-2025) pamoja na nguzo 8 ambazo ni:

- Kuchangia azma ya hali ya hewa
- Kuhakikisha usalama
- Kukuza uendelevu
- Kuzingatia undani wa wateja
- Kutoa nguvu mpya ya mpito
- Kubuni huduma bunifu kwa wateja
- Kuunda timu
- Kuwasilisha utendaji

Zaidi ya wafanyikazi 90% walipata mafunzo juu ya mkakati wa TotalEnergies unaojulikana kama "Hali ya hewa kuwa katikati ya mkakati wa TotalEnergies".

Katika mwaka wa 2016, TotalEnergies iliahidi kuchangia ufikiwaji kwa Malengo ya Maendeleo Endelevu (SDGs) na hivyo basi imebuni mfumo wake endelevu ili kuchangia pakubwa katika juhudi hizo za pamoja. Maendeleo endelevu yamekita kwenye msingi wa mkakati wetu na dhamira yetu ina nyanja nne:

Katika mwaka wa 2016, TotalEnergies iliahidi kuchangia ufikiwaji kwa Malengo ya Maendeleo Endelevu (SDGs) na hivyo basi imebuni mfumo wake endelevu ili kuchangia pakubwa katika juhudi hizo za pamoja. Maendeleo endelevu yamekita kwenye msingi wa mkakati wetu na dhamira yetu ina nyanja nne:

Hali ya Hewa na Nishati Endelevu: Kuongoza mabadiliko ya kielelezo cha nishati ili kukabiliana na mabadiliko ya hali ya hewa na kukimu mahitaji ya watu.

Ustawi wa hali bora ya watu: Kuwa jina tajika na mwajiri anayeongoza na mwendeshaji biashara anayewajibika. Mnamo 2021 kampuni ilizindua kianzisho toleo la 3 na kupokea maombi halali 1,012 kutoka kwa wafanyibiashara vijana chipukizi wa Kenya.

Kuboresha mazingira: Kuongeza kasi ya maendeleo katika utunzaji wa mazingira.

Kubuni thamani bora kwa jamii: Kuzalisha ustawi wa pamoja katika maeneo yote, TotalEnergies Marketing Kenya pia inazingatia SDGs kama fursa ya kupima vyema na kutathmini mchango wake kwa jamii na hivyo kubainisha SDGs ambapo inaweza kuwa na athari kubwa zaidi.

Mipango ya Kijamii: Kampuni hii ni mshirika mkuu na mchangiaji katika Njia Salama Njia Sahihi (SWRW), shirika lisilo la kiserikali (NGO) la kuhamasisha usalama wa barabarani kando ya Ukanda wa Kaskazini. Shirika hilo linatetea kuwepo kwa usalama wa barabarani miongoni mwa wananchi na wadau wakuu wakiwemo madereva wa magari, waendeshaji pikipiki na watu wanaotembea kwa miguu. Mnamo 2021 SWRW ilifanikiwa kutimiza yafuatayo kati ya mengine:

- Ilitoa mafunzo kwa waendeshaji 300 wa kibiashara kwenye barabara zenye hatari jijini Nairobi. Waendeshaji magari walitahiniwa na Serikali na kupewa leseni za uendeshaji.
- Ilitetea kwa pamoja uundaji wa Mpango wa Kitaifa wa Usalama Barabarani wa Kenya.
- Ilishiriki katika ukabidhiaji wa Mpango wa Kimataifa wa Mwongo wa pili wa Utekelezaji wa Umoja wa Mataifa kwa Usalama Barabarani 2021-2030 kwa NTSA.

Mpango wa kupambana na Changamoto za mazingira: Ulianzishwa mwaka wa 2003, umeendelea kuhamasisha Wakenya kupanda miti zaidi nje ya misitu iliyopo. Mnamo mwaka wa 2021, shirika la TotalEnergies Ecochallenge liliratibu upandaji wa miti zaidi ya 22,000 katika maeneo mbalimbali ya nchi kwa ushirikiano wa wafanyakazi wetu na jamii.
Zaidi ya hayo, katika juhudi za kusaidia uhifadhi wa mazingira, mshirika huyu alitoa ufadhili wa mafuta ya thamani ya KShs. 737,170 kwa mashindano ya Rhino Charge 2021. Haya ni mashindano ya kuendesha magari nje ya barabara za kawaida kwa minajili ya kupata fedha za kusaidia shughuli za Rhino Ark Charity Trust, shirika la NGO ambalo hufanya kazi muhimu ya uhifadhi na ulinzi wa mazingira ya milimani ya Kenya, Vyanzo vya Maji.

Mipango mingine ya CSR (ya kuwajibika katika Jamii): Katika 2021, TotalEnergies Marketing Kenya ilisaidia kituo cha watoto cha SOS Children's Village na kiasi cha shilingi milioni 1.8, huu ukiwa ni ufadhili wa kila mwaka kusaidia gharama za nyumba 4 katika kituo hicho. Zaidi ya hili, kitengo hiki kilitoa michango ifuatayo miongoni mwa mipango mingine ya ufadhili:

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- KShs. 150,000 kwa World Vision Kenya program kusaidia ushauri wa watoto 100 wanaoishi katika mazingira magumu katika mji wa Salgaa.
- KShs. 200,000 kwa kikundi cha vijana cha G-thamini youth group kilichoko katika vitongoji duni vya Mukuru jijini Nairobi. Msaada wa kufadhili huduma za mwongozo na ushauri kwa vijana, ununuzi wa vitabu vya kusoma, Sodo za wasichana na vifaa vya ofisi.
- KShs. 150,000 kwa Shule ya Upili ya Vipofu ya Thika (Thika High School for the blind). Msaada wa kufadhili ukarabati wa darasa la mafunzo ya Kifaransa.
- KShs. 300,000 kwa ufadhili wa Aswani Kizito Children's home.
- KShs. 100,000 kwa StoryMoja Publishers ili kuwawezesha kubuni maktaba ya vitabu (Library).
- KShs. 350,000 kwa Africa Extreme kwa ufadhili wa mashindano ya baiskeli yajulikanayo kama KARI Bike Challenge.

Mtazamo wa 2022

Bei za mafuta duniani zimepanda kwa kasi zaidi na kupita Dola 100 za Marekani kwa kila pipa kufuatia mzozo wa mpaka na kisiasa kati ya Urusi na Ukraine. Sababu ya hiyo, malipo ya Zabuni Huria yameongezeka. Mwelekeo huu unaashiria kuingia kwenye mustakabali usio na uhakika wa ongezeko linaloendelea la gharama ya bidhaa ambao unaathiri pakubwa usambazaji na mahitaji.

Miradi kuu ya miundombinu ya tasnia hii kama vile kuhamisha gati ya Kipevu Oil Terminal mjini Mombasa imepiga hatua kubwa ya kukamilika na inatarajiwa kuanza kutumika katika mwaka wa 2022. Mradi huu ulitekelezwa na Mamlaka ya Bandari ya Kenya (Kenya Ports Authority) na sekta hii inatarajia kuboreka kwa kiasi kikubwa katika usambazaji wa mafuta ya petrol na bidhaa zake na kupunguza gharama za uondoaji.

Bodi hii inakita ikiwa imara na tayari kutumia fursa mpya za biashara na itaendelea kuunga mkono Wasimamizi katika kutekeleza mikakati yetu ya kuongeza thamani ya muda mrefu kwa wanahisa wetu. Bodi hii pia itaendelea kutoa usaidizi usioyumba kwa Wasimamizi wanaporekebisha mipango ya biashara ili kuakisi mabadiliko katika mahitaji ya wateja na kubadilisha mkakati wetu wa matarajio ya hali ya hewa kufikia uchafuzi sufuri (Net-Zero) ifikapo 2050 na kutoa nishati hadi siku zijazo. Ahadi yetu inadhihirishwa na kubadilishwa kwa jina la kampuni kutoka Total Kenya PLC hadi TotalEnergies Marketing Kenya PLC. Sina shaka kuwa tutaendelea kuongeza uwezo wa mapato ya biashara hii yetu katika mwaka wa 2022.

Mgao wa Faida

Bodi inafuraha kupendekeza katika Mkutano huu Mkuu wa Mwaka, idhini yako ya malipo ya mgao wa kwanza na wa mwisho wa KShs. 1.31 kwa kila hisa ikilinganishwa na KShs. 1.57 za mwaka jana. Mgao huu wa faida utalipwa mnamo tarehe au karibu na tarehe 31 Julai 2022 kwa wanahisa waliyo kwenye rejista ya wanachama mwisho wa kumalizika biashara mnamo tarehe 30 Juni 2022, kwa kutegemea kodi ya zuio pale inapohitajika.

Shukrani

Katika mwaka wa 2021, Usimamizi wa Kampuni uliendelea kutekekeza hatua za kudumisha afya bora ya wafanyikazi, hasa kwa kuwahimiza. na kuwawezesha kupata chanjo zao dhidi ya janga kubwa la Covid-19. Sisi Kama Bodi, tunathamini Wasimamizi wetu kwa kujitolea na kuendelea kuwa na moyo wa kujituma katika kupambana na hali iliyoko ya mtikisiko unaokabili ulimwengu mzima na kuhakikisha biashara inaedelea vyema. Ningependa kutambua hapa juhudi za wafanyakazi wote ambao wamejitolea kutoa huduma bora kwa wateja na wadau wetu katika kipindi cha mwaka uliopita licha ya kuwepo kwa hali ngumu mno.

Nawashukuru wateja wetu, wauzaji, wasafirishaji na washikadau wengine wakuu kwa kuendelea kutuunga mkono ili kuleta manufaa yetu sote pamoja.

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

Kwa kumalizia, ningependa pia kuwashukuru Bodi ya Wakurugenzi kwa kujitolea kwao na usaidizi wao ambao umesaidia pakubwa Kampuni hii yenu kuendelea kuwa mhusika mkuu katika uchumi wetu.

OLAGOKE ALUKO

MWENYEKITI

MANAGING DIRECTOR'S REPORT

Overview

The Kenyan economy in the year 2021, was on the recovery path compared to the previous year, which was greatly impacted by COVID -19 health crisis. Restrictions related to the pandemic relatively eased impacting positively the business environment. In addition, international oil prices rallied upwards supported by increased energy demand linked to world economic recoveries after the 2020 recession leading to increased fuel prices in the country.

The Company remained focussed on innovation and diversification of business operations to meet the growing customer demand for energy both in the short- and long-term, whilst aligned to our Code of Conduct, the values of safety, respect for each other, a pioneer spirit, the need to stand together and a performance-minded attitude represent that part of TotalEnergies' identity that is shared by all.

In addition, the Company remained resilient and continued to focus on the key strategy levers namely; new service stations development, rebranding of stations to the new brand TotalEnergies, solarization of the stations, lubes promotions, shops, food and services developments, tapping into the new LPG environment, transport optimization, blending plant and warehouse revamping projects, working capital management, internal Controls and cost control.
The foundation of our growth and safe delivery of goods and services is the sustained investment we make centred around customer experience. During the year, the Company expanded its network by opening 9 new service stations integrated with service offers, rebranding of stations to the new brand TotalEnergies and revamping of existing stations to enhance service delivery and safety.

Our retail sites offer a wide range of services which includes supply of quality petroleum products, Bonjour Shops, Car Wash services, Quartz Auto Service Centres and partnerships with third parties in provision of various services such as restaurants, chemists and drycleaners.

Our TotalEnergies Card remains outstanding in the Kenyan market and our One Stop payment solution at our retail sites integrates a wide range of digital services and real-time mobile top-up solution.

Highlights of Financial Performance

The Company's performance remained resilient with positive profit after tax of KShs. 2,739 million (2020: KShs. 3,297 million) and positive cashflows in the challenging environment of sharp increase in fuel prices.

Gross Profit: The Company's gross margins decreased to KShs. 8,801 million (2020: KShs. 9,057 million) majorly impacted by lag in price adjustment arising from sharp increase in fuel prices.

Other income decreased to KShs. 1,806 million (2020: KShs. 1,903 million) in the absence a non-recurring sundry income from Value Added Tax relief realized in 2020. Revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to 2020.

Operating expenses: The increase in operating expenses is majorly attributable to rebranding costs linked to the new brand name TotalEnergies and increased business activities compared to 2020. The increase in working capital requirements emanating from increased oil prices led to a net finance loss of KShs. 66 million (2020: net Ninance income of KShs. 86 million).

Foreign exchange loss decreased substantially by KShs. 56 million (2020: KShs.144 million) . The decreased loss is attributable to the proactive management of transactions in foreign currency and stability of the Kenyan shilling against the US dollar in the year.

Investments amounted to KShs. 2,188 million (2020: KShs. 1,720 million) in line with the business strategy to enhance safety standards in our operations and continue to build a profitable and sustainable multi-energy company.

Risk Management

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

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

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

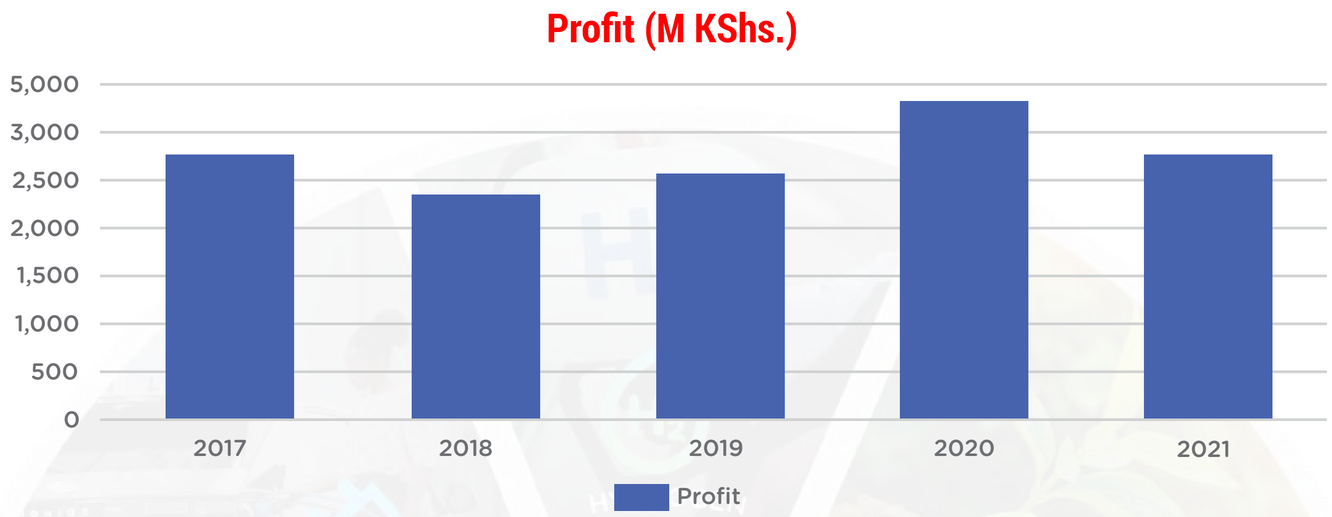
Safety: This is a core component of an industrial company's responsibility and a foundation of its long-term viability. We do not compromise on safety and we are mindful of our rules regarding safety and observe the rules at all times. We continue to train and sensitize our staff, contractors and transporters to enforce a strong safety culture through promotion of near-miss reporting, which is required to manage the significant operational and personal safety risks that many of our people experience every day.

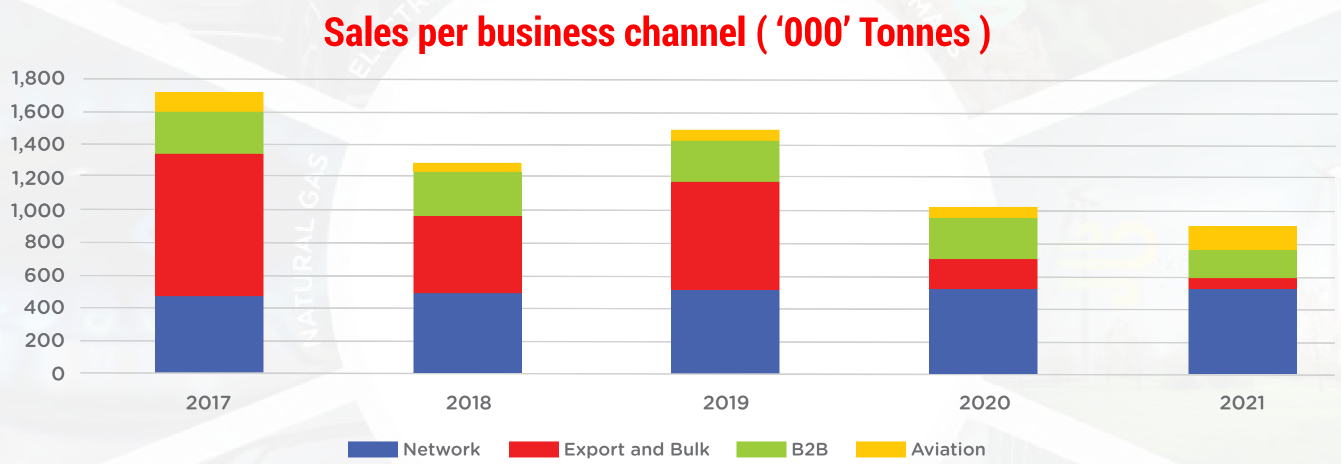
Health risks: The pandemic posed a health risk to the staff which hinders operations. The Company put in place measures adhering to the Ministry of Health guidelines in regard to Covid-19 to ensure safety of staff i.e., working from home environment and equipping employees with the necessary tools for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

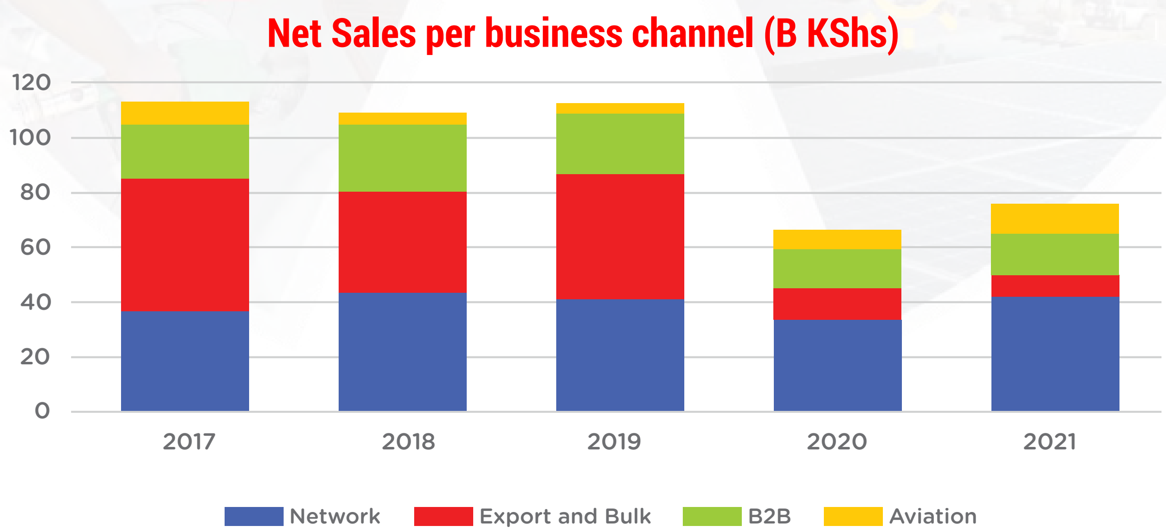
Business risks: These include supply constraints and price risk that could adversely impact Company margins through lag effect on stocks. The Company has a price risk management model that enables us to closely monitor the market and to adapt pricing offers to our customers, hence minimizing the price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

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

MANAGING DIRECTOR'S REPORT







MANAGING DIRECTOR'S REPORT

Human Capital

The safety of our workforce and innovativeness, both in technical and managerial skills, are paramount to the delivery of our promises to the shareholders, customers and other stakeholders. The Management focuses on building diverse capabilities, driving an all-inclusive and high- performing culture, and remains an equal opportunity employer.

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

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

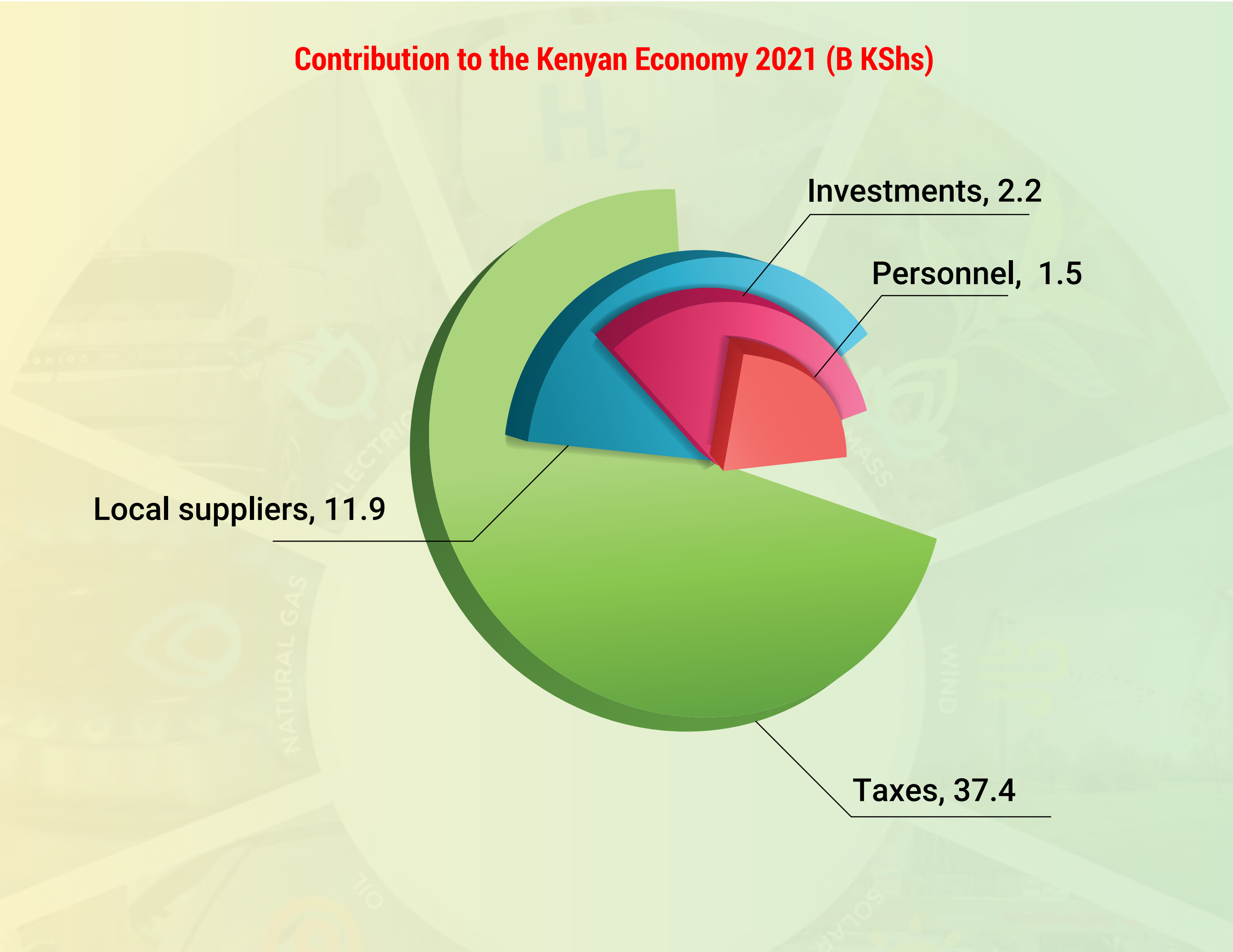
- Removal of barriers between jobs and sectors of activity.
- Staff diversity: policy of internationalisation, feminisation, and diversification of profiles.
- Implementation of a consistent integrated recruitment policy.
- Consistency in compensation and training policies.
- Making careers more attractive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

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

Contribution to the Kenyan economy

TotalEnergies Marketing Kenya PLC remained one of the biggest contributors to the Kenyan economy through payment of direct and indirect taxes of KShs 37.6 billion in 2021. In addition, KShs 11.9 billion was paid to local suppliers for investments and for goods and services. Total pay-out to employees amounted to KShs 1.5 billion during the year

MANAGING DIRECTOR'S REPORT



Sustainability and Social Responsibility

TotalEnergies Marketing Kenya PLC is committed to the communities and the environment we operate in and therefore continues to align its sustainability strategy with the Company's Energy outlook.

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

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

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

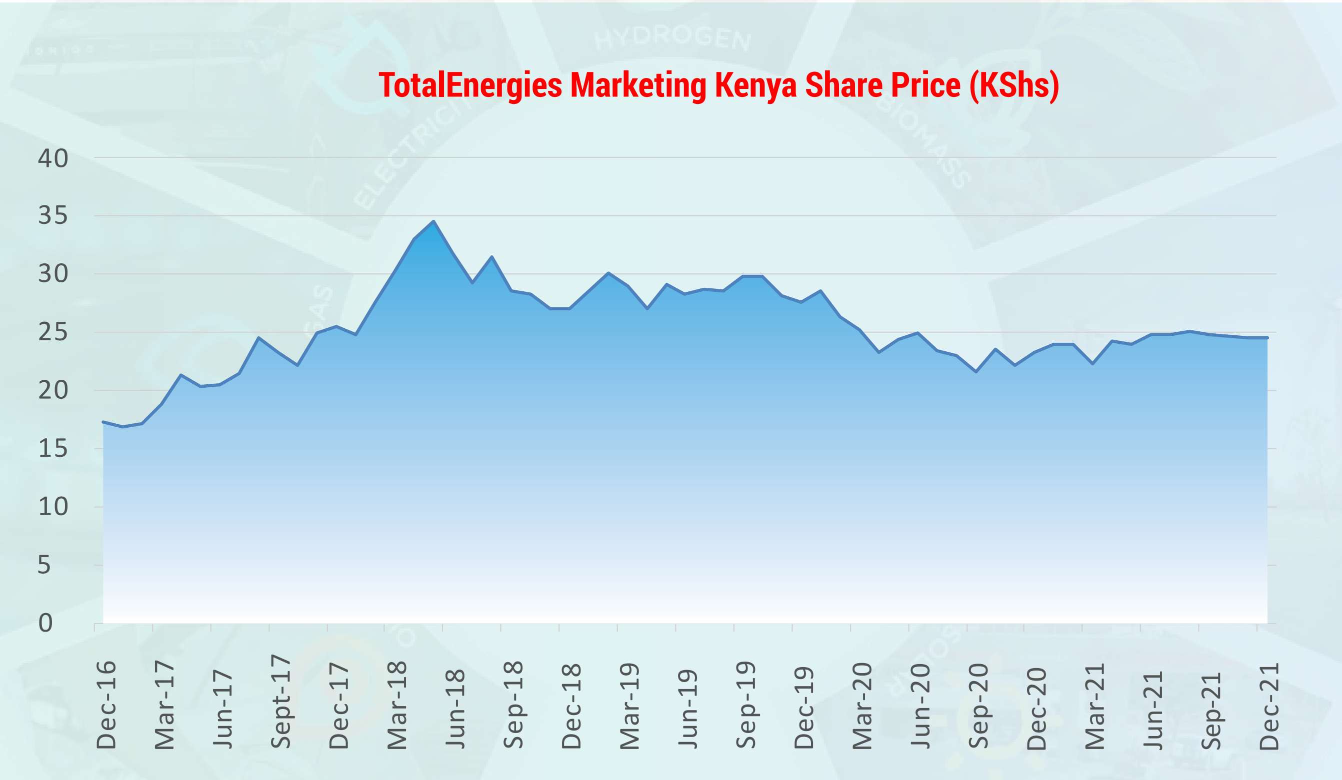
MANAGING DIRECTOR'S REPORT

Future Outlook

The business environment remains challenging due to uncertainty of global fuel prices and inherent risks in commodity demand and supply. The Company's priority is to focus on delivery; delivering our quality services to our customers, delivering on our marketing margins and delivering our expansion in profitable and sustainable channels. All these are key for the increase in the value and shareholder return while maintaining a strong balance sheet. The Company will continue to focus on safety, operational excellence, profitable growth and positive cashflow generation.

Share Price

In 2021, TotalEnergies Marketing Kenya PLC's share price closed at an average of KShs 24.45 per share as compared to KShs 23.20 per share at the end of December 2020.



SHAREHOLDERS ANALYSIS

TOP 10 SHAREHOLDERS (Including redeemable preference shares)			
RANK	NAME	SHARES HELD	PERCENT
1	TOTALENERGIES MARKETING AFRIQUE	580,804,822	92.26%
2	TOTAL AFRICA LIMITED	10,732,950	1.70%
3	BID PLANTATIONS LTD	4,170,000	0.66%
4	BENJAMIN, EMMETT JOSEPH	2,506,400	0.40%
5	SHAH, RAJESH DHARAMSHI D	1,728,386	0.27%
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	624,600	0.10%
10	RAHIM, AHMED MIAN ABDUR	491,360	0.08%
	TOTAL	**604,922,918**	**96.09%**

SHARE DISTRIBUTION SCHEDULE

i. By number of Share Range

RANGE	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
1-500	2,940	582,740	0.09%
501-1,000	897	770,019	0.12%
1,001-5,000	1,378	3,491,473	0.55%
5,001-1,0000	348	2,594,113	0.41%
10,001-50,000	310	6,533,652	1.04%
50,001-100,000	50	3,567,683	0.57%
100,001-500,000	37	7,571,220	1.20%
500,001-1,000,000	2	1,489,000	0.24%
1,000,001-999,999,999,999	7	602,942,558	95.77%
TOTAL	**5,969**	**629,542,458**	**100.00%**

ii. By Category of Shareholder

GROUP	NO. OF MEMBERS	NO. OF SHARES HELD	PERCENT
Foreign Investors	87	595,803,501	94.64%
E.A.P.S. Individuals	5,513	25,470,136	4.05%
E.A.P.S. Institutions	369	8,268,821	1.31%
TOTAL	**5,969**	**629,542,458**	**100.00%**

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2021, which show the state of the affairs of TotalEnergies Marketing Kenya PLC *(Formerly Total Kenya PLC*) ("the Company").

1. INCORPORATION AND CHANGE OF NAME

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. The Company changed its name from Total Kenya PLC to TotalEnergies Marketing Kenya PLC on 6th July 2021 in line with its strategic transformation to a broad energy company.

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:

	2021	2020
	KShs '000	KShs '000
Profit before tax	3,992,919	4,784,574
Tax charge	(1,254,011)	(1,488,042)
Profit for the year	**2,738,908**	**3,296,532**

4. DIVIDENDS

Subject to the approval of the shareholders at the Annual General Meeting, the directors recommend payment of a first and final dividend of KShs 1.31 (2020: KShs 1.57) per share equivalent to a total amount of KShs 822 million (2020: KShs 988 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 Kenyan Government relaxed some of the Covid-19 regulations to allow free flow of trade and commerce. This was done with strict rules to ensure accelerated vaccination and containment measures. At TotalEnergies Marketing Kenya PLC, we continued to enhance our Business Continuity Plan (BCP) programs that had been initiated in the year 2020 to ensure that we continued to serve our customers with no major interruptions and taking into consideration the safety of employees. The following programs were enhanced:

- Monthly fumigation and disinfection of offices, depots and warehouses.
- Creating awareness of Covid-19 to staff as well as informatory signages at offices, depots and service stations.
- Free online expert counselling to staff on need basis.
- Covid-19 tailored medical fit-to-work questionnaire for third parties working at its service stations and depots.
- Provision of masks to all staff working at the depots and head office.
- Staff talks on mental agility in the prevailing uncertain times.
- Supporting staff by organising for convenience staff vaccination at the Company premises.

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

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

In accordance with our Code of Conduct, the values of safety, respect for each other, a pioneer spirit, the need to stand together and a performance-minded attitude represent that part of TotalEnergies' identity that is shared by all. Day in- day out, these values guide our actions and our relationships with stakeholders while serving as the foundations for achieving our collective ambition, which is to be a word-class player in the energy transition. These values have enabled the Company to grow the business, deliver the needs of customers and positively impact stakeholders.

Growth and Investments

The Company focused on building resilience and strength as economic recovery prospects remained evident. During the year, the Company expanded its network by opening 9 new service stations integrated with service offers, rebranding of stations to the new brand TotalEnergies and revamping of existing stations to enhance service delivery and safety.

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

The Company's Culture

2021 did not pause the progress of our valued employees. By leveraging on technology and the challenge to evolve our capabilities, our employees sustained their career growth, advanced their skills, and continuously embraced learning. The Company's overall human resource is over 370 direct employees and over 4,500 indirect employees. The Company's people strategy focuses on building diverse capability, driving an inclusive high performing culture through continued investment in employees' training, career development and providing opportunities for regional and overseas posting.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Business Risks

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

The year under review was challenging with the continued impacts of Covid-19 pandemic. The relaxation of movement and lockdowns by the Kenyan government promoted commerce by ensuring increased production and consumption. The Company developed a Business Continuity Plan to ensure operational endurance, service delivery and mitigation of related risks. The related risks included:

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

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

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

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

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

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

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

Growth in revenues and profitability

The Company's performance remained resilient with positive profit after tax of KShs 2,739 million (2020: KShs 3,297 million) in the the challenging environment of sharp increase in fuel prices. The Company's gross margins decreased to KShs 8,801 million (2020: KShs 9,057 million) majorly impacted by lag in price adjustment arising from sharp increase in fuel prices.

Other income decreased to KShs 1,806 million (2020: KShs 1,903 million) in the absence of a non-recurring sundry income from VAT tax relief realized in 2020. However, revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to 2020.

The increase in operating expenses is majorly attributable to rebranding costs linked to the new brand name TotalEnergies and increased business activities compared to 2020. The increase in working capital requirements emanating from increased oil prices led to a net finance cost of KShs 66 million (2020: Net finance income of KShs 86 million). The foreign exchange loss decreased substantially to KShs 56 million (2020: KShs 144 million) thanks to the proactive management of transactions in foreign currency and stability of the Kenyan shilling against the US dollar in the year.

Sustainability Programmes

TotalEnergies places sustainable development in all its dimensions at the heart of its strategy, projects, and operations to contribute to people's well-being and aims to be a benchmark for endorsement of the United Nations' Sustainable Development Goals.

In 2021, Total Kenya PLC became TotalEnergies Marketing Kenya PLC: A new name for a new ambition to become a major player in the energy transition, engaged towards getting to net zero by 2050, together with society. This choice stems from a deeply held conviction that everyone has the right to have access to reliable and affordable energy and that people expect a clear and responsible commitment from business to preserve the climate for future generations.

The energy transition is under way and our company is transforming to provide tangible, sustainable solutions to the dual challenges of more energies and less emissions.

Our ambition is reflected in the deployment of our strategy and the investment decisions which demonstrate and stake out the path of our transformation for meeting our 2030 objectives and our ambition of getting to zero by 2050, together with society.

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

REPORT OF THE DIRECTORS

THE YEAR ENDED 31 DECEMBER 2021

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

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

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

Outlook for 2022

The business environment remains challenging due to the uncertainity of the global fuel prices and inherent risks in commodity demands and supply. The company's priority is to focus on delivery: delivering quality service to its customers, delivering on its market margins and delivering on its expansion in profitable sustainable channels. All these are key to increase the value and shareholders returns while maintaining a strong financial position. The company will continue to focus on safety, operational excellence, profitable growth, and positive cash flow generation.

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 8,762,000 has been charged to profit or loss in the year as disclosed in Note 6 to the financial statements.

By Order of the Board

………………………………….

J L G Maonga
Secretary

31 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

Approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

…………………………………………………

Director: Eric Fanchini

…………………………………………………

Director: Lawrencia Gichatha

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 the TotalEnergies 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 2021. The aggregate directors' emoluments are shown in Note 19 (vi).

31 DECEMBER 2021

Director	Role/appointment or retirement date	Category	Gross earnings including pension contribution	Annual bonus	Directors fees	Sitting allowances	Benefits*	Total
			KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Olagoke Aluko	Chairman, appointed on 22 December 2021, resigned as Managing Director on 16 August 2021	Non-executive	17,844	4,683	-	-	10,235	32,762
Eric Fanchini	Managing Director, appointed on 16 August 2021	Executive	10,739	-	-	-	5,437	16,176
Lawrencia Gichatha	Finance Manager	Executive	14,667	1,033	-	-	99	15,799
John Muchunu	Strategy and Corporate Affairs Director	Executive	17,571	1,104	-	-	95	18,770
Jean- Phillipe Torres	Appointed on 2 December 2021. Resigned as Chairman on 21 September 2021	Non-executive						
Stanislas Mittelman	Resigned on 10 November 2021	Non-executive	-	-	-	-	-	-
Ms Severine Julien		Non-executive	-	-	-	-	-	-
Joseph Karago		Non-executive	-	-	1,600	1,500	-	3,100
Margaret W.N. Shava		Non-executive	-	-	1,600	1,500	-	3,100
Maurice K'Anjejo		Non-executive	-	-	1,600	700	-	2,300
Paul-Henri Assier de Pompignan	Appointed on 31 March 2021	Non-executive	-	-	-	-	-	-
Totals			**60,821**	**6,820**	**4,800**	**3,700**	**15,866**	**92,007**
Summary								
Cash emoluments			60,812	6,820	4,800	3,700	-	76,141
Non-cash emoluments			-	-	-	-	15,866	15,866
Totals			**60,812**	**6,820**	**4,800**	**3,700**	**15,866**	**92,007**

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

Olagoke Aluko and Eric Fanchini were paid by the parent company. These costs are recharged to TotalEnergies Marketing Kenya PLC in Swiss Francs and Euros. The recharged amounts are converted into Kenya shillings using the Central Bank of Kenya mean rate as at transaction date for local payroll processing, tax declaration and payments.

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

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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
Jean- Phillipe Torres	Chairman	Non-executive	-	-	-	-	-	-
Olagoke Aluko	Managing Director	Executive	22,765	4,078	-	-	26,903	53,746
Lawrencia Gichatha	Finance Manager	Executive	13,400	983	-	-	1,050	15,433
John Muchunu	Strategy and Corporate Affairs Director	Executive	17,014	1,078	-	-	109	18,201
Stanislas Mittelman		Non-executive	-	-	-	-	-	-
Joseph Karago		Non-executive	-	-	1,600	1,600	-	3,200
Margaret W.N. Shava		Non-executive	-	-	1,600	1,900	-	3,500
Maurice K'Anjejo	Appointed on 18 November 2021	Non-executive	-	-	-	-	-	-
Paul-Henri Assier de Pompignan	Appointed on 31 March 2021	Non-executive	-	-	-	-	-	-
Joe Muchekehu	Retired on 26 June 2021	Non-executive	-	-	800	500	-	1,300
Severine Julien	Resigned on 31 March 2021	Non-executive	-	-	-	-	-	-
Totals			**53,179**	**6,139**	**4,000**	**4,000**	**28,062**	**95,380**
Summary								
Cash emoluments			53,179	6,139	4,000	4,000	-	67,318
Non-cash emoluments			-	-	-	-	28,062	28,062
Totals			**53,179**	**6,139**	**4,000**	**4,000**	**28,062**	**95,380**

Jean-Phillipe Torres, Stanislas Mittelman and Severine Julien are remunerated by TotalEnergies SE, the parent company and are not re-charged to the Company. They are not remunerated as board members of TotalEnergies Marketing Kenya PLC.

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

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

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF TOTALENERGIES MARKETING KENYA PLC

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of TotalEnergies Marketing Kenya PLC (Formerly Total Kenya PLC) set out on pages 77 to 116, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International 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 year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

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

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF TOTALENERGIES MARKETING KENYA PLC

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF TOTALENERGIES MARKETING KENYA PLC

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

i. in our opinion, the information given in the report of the directors on pages 67 to 69 is consistent with the financial statements; and,

ii. in our opinion, the auditable part of directors' remuneration report on pages 71 and 72 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Churchill Atinda, Practicing Certificate Number 1425.

For and on behalf of Ernst & Young LLP

Certified Public Accountants

Nairobi, Kenya

28 April 2022

3. FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 KShs'000	2020 KShs'000
Revenue from contracts with customers		110,161,215	97,351,821
Indirect taxes and duties		(35,450,751)	(31,920,643)
Net revenue from contracts with customers	3	74,710,464	65,431,178
Cost of sales	4	(65,909,440)	(56,374,062)
Gross profit		8,801,024	9,057,116
Other income	5	1,806,300	1,902,801
Operating expenses	6	(6,518,951)	(6,179,802)
Net allowance for expected credit losses	18	26,989	62,050
Finance income	7 (a)	216,862	243,660
Finance costs	7 (b)	(283,265)	(157,482)
Net foreign exchange loss	7 (c)	(56,040)	(143,769)
Profit before tax	8	3,992,919	4,784,574
Tax charge	9 (i)	(1,254,011)	(1,488,042)
Profit for the year		2,738,908	3,296,532
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**2,738,908**	**3,296,532**
Earnings per share (basic and diluted) (KShs)	10	**4.35**	**5.24**

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021	2020
ASSETS		**KShs'000**	**KShs'000**
NON-CURRENT ASSETS			
Property, plant and equipment	12	11,591,676	11,022,938
Right-of-use assets	13	1,726,250	1,672,470
Goodwill	14	416,679	416,679
Intangible assets	15	222,465	230,731
Deferred tax assets	16	393,864	308,343
		14,350,934	13,651,161
CURRENT ASSETS			
Inventories	17	7,747,934	6,436,314
Trade and other receivables	18	12,583,149	11,833,785
Amounts due from related companies	19 (i)	2,223,257	1,449,598
Cash and bank balances	24 (ii)	10,100,456	9,591,950
		32,654,796	29,311,647
Non-current assets classified as held for sale	20	24,364	24,364
		32,679,158	29,336,011
TOTAL ASSETS		**47,030,094**	**42,987,172**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	9,974,771	9,974,771
Share premium	22	1,967,520	1,967,520
Retained earnings		16,668,532	14,918,006
		28,610,823	26,860,297
NON-CURRENT LIABILITIES			
Trade and other payables	23	897,793	756,621
Lease liability	13	922,036	848,908
Provisions	23	419,976	234,217
		2,239,805	1,839,746
CURRENT LIABILITIES			
Lease liability	13	249,435	311,096
Trade and other payables	23	13,010,452	11,939,415
Tax payable	9 (iii)	229,735	36,748
Amounts due to holding company	19 (iii)	2,536,331	1,725,080
Amounts due to related companies	19 (ii)	153,513	274,790
		16,179,466	14,287,129
TOTAL EQUITY AND LIABILITIES		**47,030,094**	**42,987,172**

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2022 and were signed on its behalf by:

……………………………………………… ………………………………………

Director – Eric Fanchini **Director – Lawrencia Gichatha**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Retained earnings	Total equity
	KShs'000 (Note 21)	KShs'000 (Note 22)	KShs'000	KShs'000
As at 1 January 2020	9,974,771	1,967,520	12,439,879	24,382,170
Dividends declared – 2019 (Note 11)	-	-	(818,405)	(818,405)
Profit for the year	-	-	3,296,532	3,296,532
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	3,296,532	3,296,532
As at 31 December 2020	**9,974,771**	**1,967,520**	**14,918,006**	**26,860,297**
As at 1 January 2021	9,974,771	1,967,520	14,918,006	26,860,297
Dividends declared – 2020 (Note 11)	-	-	(988,382)	(988,382)
Profit for the year	-	-	2,738,908	2,738,908
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,738,908	2,738,908
As at 31 December 2021	**9,974,771**	**1,967,520**	**16,668,532**	**28,610,823**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		**KShs'000**	**KShs'000**
Cash generated from operations	24 (i)	4,763,870	10,074,203
Tax paid	9 (iii)	(1,146,545)	(1,347,933)
Net cash generated from operating activities		3,617,325	8,726,270
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(2,167,019)	(1,692,008)
Purchase of intangible assets	15	(20,945)	(28,268)
Interest income on bank deposits	7 (a)	216,862	243,660
Proceeds on disposal of leasehold land		275,000	-
Proceeds on disposal of property, plant and equipment		154,968	5,300
Net cash used in investing activities		**(1,541,134)**	**(1,471,316)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest expense on borrowings	7 (b)	(195,062)	(57,297)
Lease liability payments - principal	13	(259,297)	(203,917)
Lease liability payments - interest	13	(106,549)	(75,817)
Dividends paid	11 (a)	(988,382)	(818,405)
Net cash used in financing activities		**(1,549,290)**	**(1,155,436)**
Net increase in cash and cash equivalents		526,901	6,099,518
Effect of exchange rate changes on cash and cash equivalents		(18,395)	(40,529)
Cash and cash equivalents as at 1 January		9,591,950	3,532,961
Cash and cash equivalents as at 31 December	24 (ii)	**10,100,456**	**9,591,950**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

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

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

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

B. New and amended standards, interpretations and improvements

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards, interpretations and improvements effective as of 1 January 2021 and 1 April 2021. The Company had not earlier adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The new standards and amendments effective as of 1 January 2021 and 1 April 2021 are listed below:

New standard or amendments	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16	1 April 2021

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Company.

Standards, interpretations and amendments issued but not effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, 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 2021

New standard or amendments	Effective for annual periods beginning on or after
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Postponed indefinitely

C. Revenue from contracts with customers

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

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

Sale of petroleum products

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

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

i. Variable consideration

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

• Rights of return

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

• Volume rebates

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

ii. Significant financing component

The Company has no significant financing components from its customers.

iii. Non-cash consideration

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

D. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition-date fair values and the amount of any non-controlling interest in the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Acquisition-related costs are generally recognised in profit or loss as incurred.

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

iv. 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.

v. 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%
Property, plant and machinery	5% - 25%
Furniture, fittings and office equipment	10% - 33.3%

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

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.

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The useful economic life of intangible assets with a finite useful life is 3 years.

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

Derecognition of intangible assets

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

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

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

I. Non-current assets held for sale

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

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

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

Impairment of non-current assets held for sale

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

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

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

J. Inventories

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

K. Financial instruments

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

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.

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Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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;

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

Financial liabilities at amortised costs (loans and borrowings)

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

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

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

L. Foreign currencies

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

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

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

M. Tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

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

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

iii. Value Added Tax

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

i) When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,

ii) 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.

vi. Uncertain tax position

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

N. Employee entitlements

i. Retirement benefit costs

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

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

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

ii. Leave

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

iii. Bonus

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

O. Dividends

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

P. Earnings per share

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

Q. Borrowing costs

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

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

R. Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For all assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment

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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

2. SIGNIFICANT ACCOUNTING AND JUDGMENTS KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 December 2021 was KShs 416,679,000 (2020 – 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

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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 analysed.

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

The information about the ECLs on the Company's trade receivables and bank balances is disclosed in Notes 18 and 28 (ii).

Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

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

Income taxes

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

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

Leases - Estimating the incremental borrowing rate

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

The Company's incremental borrowing rate is estimated at the Group level and is dependent on the duration of the lease. The Company's discounting rates are calculated using the Midswap rate of the Group and the country specific premium. Management used rates varying 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

	2021	2020
	KShs'000	KShs'000
General trade	15,229,618	13,790,567
Network	42,969,238	35,470,910
Aviation	8,549,922	4,917,649
Export and bulk	7,961,686	11,252,052
Total net sales	**74,710,464**	**65,431,178**

(ii) Geographical analysis

	2021	2020
Local sales	66,748,778	60,295,914
Export sales	7,961,686	5,135,264
Total net sales	**74,710,464**	**65,431,178**

All revenue is recognized at a point in time.

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FOR THE YEAR ENDED 31 DECEMBER 2021

4. COST OF SALES

	2021	2020
	KShs'000	KShs'000
Product purchases	59,791,472	50,272,903
Other variable costs	6,117,968	6,101,159
	65,909,440	**56,374,062**

5. OTHER INCOME

	2021	2020
	KShs'000	KShs'000
Rental income	1,208,431	914,088
Commission income	101,188	73,605
Gain on disposal of property, plant and equipment	87,432	2,265
Gain on disposal of Leasehold land (Note 13)	275,000	-
Sundry income*	134,249	912,843
	1,806,300	**1,902,801**

*Sundry income mainly includes the write back of cylinder deposits and credits as per the Company's policy on the management of liquified petroleum gas business (Note 23). The cylinder assets relating to these deposits are fully depreciated. 2020 sundry income mainly includes the VAT relief received from Kenya Revenue Authority and write back of cylinder deposits and credits as per Company's policy on the management of liquified petroleum gas business. The cylinder assets relating to these deposits are fully depreciated.

6. OPERATING EXPENSES

	2021	2020
	KShs'000	KShs'000
Directors' emoluments – fees [Note 19 (vi)]	8,500	8,000
– other cash emoluments [Note 19 (vi)]	67,641	59,318
Payroll and staff costs [Note 6 (a)]	1,530,072	1,480,531
Depreciation on property, plant and equipment (Note 12)	1,531,454	1,493,210
Depreciation on right-of-use assets (Note 13)	238,835	212,872
Amortisation of intangible assets (Note 15)	28,501	26,286
Repairs and maintenance	613,260	579,399
General assistance [Note 19 (iv)]	579,277	629,145
Utilities	404,045	449,312
Expense relating to variable leases and short term leases	285,880	323,609
Other expenses*	197,889	184,444
Legal and other professional fees	323,781	178,233
Advertising and promotion	483,504	333,670
Travelling	86,157	83,310
Insurance	131,393	129,627
Auditors' remuneration	8,762	8,836
	6,518,951	**6,179,802**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

(a). PAYROLL AND STAFF COSTS

	2021	2020
	KShs'000	KShs'000
Wages and salaries	1,072,575	1,029,688
Pension costs – defined contribution plan and NSSF	161,855	159,041
Staff medical costs	49,815	49,369
Staff training costs	7,730	15,750
Staff motor vehicle, mileage and other costs	238,097	226,683
Total personnel expenses	**1,530,072**	**1,480,531**
Average number of employees (permanent staff)	**377**	**396**

7. (a). FINANCE INCOME

	2021	2020
	KShs'000	KShs'000
Interest income on bank deposits	**216,862**	**243,660**

(b). FINANCE COSTS

	2021	2020
Interest on short term borrowings	195,062	57,297
Interest expense on lease liability (Note 13)	88,203	100,185
	283,265	**157,482**

(c).NET FOREIGN EXCHANGE LOSS

	2021	2020
Realised foreign exchange loss	82,955	171,394
Unrealised foreign exchange gain	(26,915)	(27,625)
Net foreign exchange loss	**56,040**	**143,769**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

8. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

	2021	2020
	KShs'000	KShs'000
Staff costs [Note 6 (a)]	1,530,072	1,480,531
Depreciation on property, plant and equipment (Note 12)	1,531,454	1,493,210
Depreciation on right-of-use assets (Note 13)	238,835	212,872
Amortisation of intangible assets (Note 15)	28,501	26,363
Directors' emoluments		
- Fees (Note 6)	8,500	8,000
- Other emoluments (Note 6)	67,632	59,318
- Non-cash emoluments [Note 19 (vi)]	15,773	28,062
Auditors' remuneration (Note 6)	8,762	8,834
Net foreign exchange loss [Note 7 (c)]	56,040	143,769
And after crediting:		
Gain on disposal of Leasehold (Note 5)	275,000	-
Gain on disposal of property, plant and equipment (Note 5)	87,432	2,265

9. TAX

(i.) Tax charge

	2021	2020
Current income tax:	KShs'000	KShs'000
- Current income tax charge	1,339,532	1,418,923
Deferred tax:		
- Relating to origination and reversal of temporary differences [Note 16 (ii)]	(85,521)	57,862
- Adjustment in respect of tax of previous years [note 16 (ii)]	-	11,257
	(85,521)	69,119
	1,254,011	1,488,042

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

	2021	2020
Accounting profit before tax	3,992,919	4,784,574
Tax at the applicable rate of 30% (2020: 25%)	1,197,876	1,435,372
Adjustment in respect of tax of previous years	(46,092)	11,257
Effects of change in rate of tax*	-	(250,430)
Tax effect of expenses not deductible for tax*	102,227	291,843
Tax charge	1,254,011	1,488,042

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(iii). Tax payable

	2021	2020
	KShs'000	KShs'000
Balance at 1 January	(36,748)	34,242
Charge to profit or loss	(1,339,532)	(1,418,923)
Payments during the year	1,146,545	1,347,933
Balance at 31 December	**(229,735)**	**(36,748)**

* For the year ended 31 December 2021, Corporation tax for the year has been computed at 30%. In 2020, the corporation tax was reduced from 30% to 25% as part of Covid- 19 pandemic relief measures put in place by the Kenya Government.

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

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:

	2021	2020
	KShs'000	KShs'000
Profit after tax	**2,738,908**	**3,296,532**
Basic earnings per share		
Weighted average number of ordinary and redeemable preference shares used in the calculation of basic earnings per share (in thousands of shares)	629,542	629,542
Basic and diluted earnings per share (KShs)	4.35	5.24

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.

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FOR THE YEAR ENDED 31 DECEMBER 2021

11. DIVIDENDS

	2021	2020
(a). Dividends payable	**KShs'000**	**KShs'000**
The movement in unclaimed dividend is as follows:		
At 1 January	-	-
Final dividend declared 2019 and 2020	988,382	818,405
Dividend paid	(988,382)	(818,405)
Balance at 31 December	-	-
(b). Dividends declared/proposed in respect of the year		
Proposed for approval at the Annual General Meeting (not recognised as a liability as at 31 December):	**821,672**	**988,382**
Dividends per share on declared/proposed dividends for the year (based on number of shares per Note 21)	**KShs 1.31**	**KShs 1.57**

In respect of the current year, the directors propose that a first and final dividend of KShs 1.31 (2020: KShs 1.57) per share amounting to KShs 822 million (2020: KShs 988 million) be paid to the shareholders.

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

Withholding tax

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

12. PROPERTY, PLANT AND EQUIPMENT

(i). Year ended 31 December 2021

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(ii). Year ended 31 December 2020

	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 2020	183,124	6,111,754	17,240,900	942,246	810,055	25,288,079
Additions	40,000	239,383	564,046	11,427	837,152	1,692,008
Transfers	-	353,476	430,771	1,077	(785,324)	-
Disposals	-	(4,577)	(37,575)	7,225)	-	(49,407)
At 31 December 2020	223,124	6,700,036	18,198,142	947,495	861,883	26,930,680
DEPRECIATION						
At 1 January 2020	-	2,715,165	10,922,209	823,530	-	14,460,904
Charge for the year	-	384,068	1,043,102	66,040	-	1,493,210
Disposals	-	(1,582)	(37,540	(7,250)	-	(46,372)
At 31 December 2020	-	3,097,651	11,927,771	882,320	-	15,907,742
NET CARRYING AMOUNT						
At 31 December 2020	**223,124**	**3,602,385**	**6,270,371**	**65,175**	**861,883**	**11,022,938**

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

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

(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 2021 (2020: Nil).

Based on an impairment review performed by the directors as at 31 December 2021, no indications of impairment of property, plant and equipment were identified (2020: none).

Commitments to acquire property, plant and equipment as at year end are included in Note 25 (d).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

13. LEASES

Company as a lessee

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

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

	Service stations	Land and Building	Leasehold Land	Total
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2020	1,555,541	1,486	328,315	1,885,342
Depreciation expense	(197,119)	(606)	(15,147)	(212,872)
At 31 December 2020	**1,358,422**	**880**	**313,168**	**1,672,470**
Additions	292,615	-	-	292,615
Depreciation expense	(230,624)	(450)	(7,761)	(238,835)
At 31 December 2021	**1,420,413**	**430**	**305,407**	**1,726,250**

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

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

	2021	2020
	KShs'000	KShs'000
As at 1January	1,160,004	1,339,553
Additions	289,110	-
Accretion of interest [Note 7 (b)]	88,203	100,185
Payments - principal*	(259,297)	(203,917)
Payments - interest*	(106,549)	(75,817)
At 31 December	**1,171,471**	**1,160,004**
Current portion	249,435	311,096
Non-current portion	922,036	848,908
	1,171,471	**1,160,004**

*Prior year disclosure has been amended to conform with current year disclosure for enhanced disclosure.

NOTES TO THE FINANCIAL STATEMENTS

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	2021	2020
	KShs' 000	KShs' 000
Depreciation expense of right-of-use assets (Note 6)	238,835	212,872
Interest expense on lease liability [Note 7 (b)]	88,203	100,185
Expense relating to variable leases (included in administrative expenses) (Note 6)	202,694	208,540
Expense relating to short term leases (Note 6)	83,186	115,069
Total amount recognised in profit or loss	612,918	636,666

The Company had total cash outflows for leases of KShs 365,846,000 in 2021 (2020: KShs 279,734,000), KShs 88,203,000 was for repayment of interest, KShs 277,643,000 being repayment of principal.

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

Company as a lessor

The Company has entered into sales agreements with the dealers to run service stations. These sales agreements have terms of between 5 to 20 years. The agreements include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised during the year is Kshs 1,208,431,000 (2020: KShs 914,088,000) (Note 5).

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

	2021	2020
	KShs'000	KShs'000
Maturing within one year	382,867	366,041
Maturing over one year to five years	2,010,051	1,830,206
Maturing after five years	2,110,553	1,921,716
Total operating lease commitments	4,503,471	4,117,963

14. GOODWILL

	2021	2020
Cost	KShs'000	KShs'000
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Allocation of goodwill to cash-generating units

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

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

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

The Company has used a four-year period in line with its four-year long-term strategic plan.
The calculation of value in use is most sensitive to the following assumptions:

Throughput volumes

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

Sales volume growth for both fuel and non- fuel revenues are projected to be driven by GDP growth and the Company's long term growth plan. Overally, these are projected to grow at between 3% to 10% over the next 4 years following the expected neutralization of the impact of Covid-19 pandemic in 2022 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 LPG and lubricants are projected to register a marginal growth over the forecast period following the neutralization of the impact of Covid-19.

Discount rate

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

The projected cash flows have been reassessed to compare the assumptions at initial recognition to the current performance of the cash generating units.

The recoverable amount of the network service stations as a cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four-year period, and a discount rate of 11% per annum (2020: 11% per annum).
At 31 December 2021, no impairment loss was assessed (2020: nil).

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

	2021	2020
	KShs'000	KShs'000
Goodwill - Cost	80,075	80,075

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

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash generating unit: Network service stations' operations – cash flows and profits from acquired stations. The recoverable amount of the network service stations as a cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four-year period, and a discount rate of 11% per annum (2020: 11% per annum). The Company has used a four-year period in line with its four-year long-term strategic plan.
The calculation of value in use is most sensitive to the following assumptions:

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Throughput volumes

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

Sales volume growth for both fuel and non- fuel revenues are projected to be driven by GDP growth and the Company's long term growth plan. Overally, these are projected to grow at between 3% to 10% over the next 4 years following the expected neutralization of the impact of Covid-19 pandemic in 2022 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 LPG and lubricants are projected to register a marginal growth over the forecast period

Discount rates

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 2021, no impairment loss was assessed (2020: 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.

15. INTANGIBLE ASSETS

	2021	2020
COST	**KShs'000**	**KShs'000**
At 1 January	687,665	659,397
Additions	20,945	28,268
Transfers from capital work-in-progress (note 12) *	(710)	-
At 31 December	707,900	687,665
AMORTISATION		
At 1 January	456,934	430,571
Charge for the year	28,501	26,363
At 31 December	485,435	456,934
NET CARRYING AMOUNT		
At 31 December	**222,465**	**230,731**

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

16. DEFERRED TAX ASSETS

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

	2021	2020
	KShs'000	KShs'000
Accelerated depreciation	157,039	68,827
Legal costs provision	125,993	70,265
Allowance for expected credit losses	146,750	154,847
Unrealised exchange gain	(138,732)	(124,143)
Unrealised exchange loss	95,530	89,016
Leases	(30,590)	8,304
Inventory provision	17,264	14,769
Provision for retirement benefits	10,187	15,207
Leave provision	3,352	2,473
Bonus provision	6,471	8,778
Provision for amortization of LPG	600	-
Net deferred tax assets	**393,864**	**308,343**

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

	2021	2020
At 1 January	308,343	377,462
Adjustment in respect of previous years' tax (Note 9)	-	(11,257)
Deferred tax credit recognized in profit or loss [Note 9 (i)]	85,521	(57,862)
At 31 December	**393,864**	**308,343**

Deferred tax is estimated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2020 - 30%).

17. INVENTORIES

	2021	2020
	KShs'000	KShs'000
Refined products	5,862,587	4,520,676
Raw materials	1,635,737	1,760,932
Consumables and accessories	249,610	154,706
	7,747,934	**6,436,314**

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 2021, there was no write down of inventories (2020: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

18. TRADE AND OTHER RECEIVABLES

	2021	2020
	KShs'000	KShs'000
Trade receivables	10,265,603	8,776,162
Allowance for expected credit losses (Net allowance)	(778,016)	(805,005)
	9,487,587	7,971,157
Other receivables and prepayments*	1,814,810	1,778,951
Recoverable taxes**	1,280,752	2,083,677
	12,583,149	**11,833,785**

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

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

Amounts receivable from KPRL

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

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

The amounts arose prior to 2013. In 2012, KPRL changed its mode of operations from Toll Mode to Merchant Mode and then to hospitality services where it receives, stores and delivers fuel products on behalf of its clients. At the time of the change to Merchant Mode, KPRL had yield shift balances and fuel inventories owing to the Oil Marketing Companies (OMCs).Subsequently, in 2013, OMCs and KPRL, under the direction of Ministry of Energy (currently, Ministry of Petroleum and Mining), agreed to carry out a forensic audit of the fuel inventory balances including yield shifts with KPRL.

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

As at 31 December 2021, the Company had taken appropriate measures together with other OMCs to recover the value of this receivable. These measures include ongoing discussions with KPRL, the Ministry of Petroleum and Mining and the Energy and Petroleum Regulatory Authority (EPRA) to agree on the modalities of how and when the value of the yield shifts and fuel inventories at KPRL will be refunded. In addition, the Oil Marketers, through Supplycor, an independent legal entity incorporated by the OMCs to advance their interests, mandated Petroleum Institute of East Africa (PIEA) as the coordinating body to pursue the recovery of these amounts. PIEA has further appointed a consultant, under which the firm will engage the authorities on behalf of the oil marketers.

As at 31 December 2021, management is confident that the full value of these balances of yield shifts and fuel inventories under the custody of KPRL is fully recoverable and no further adjustment is required.

Allowance for expected credit losses

As at 31 December 2021, trade receivables of KShs 778,016,000 (2020: KShs 805,005,000) were impaired and fully provided for. See below for the movement in the provision for impairment of receivables.

	2021	2020
	KShs'000	KShs'000
At 1 January	(805,005)	(867,055)
Write back of expected credit losses	26,989	62,050
At 31 December	**(778,016)**	**(805,005)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

There are other companies which are related to TotalEnergies Marketing Kenya PLC through common shareholding.

Outstanding balances arising from sale and purchase of goods and services to/from related companies at the year-end are as follows:

(i) Amounts due from related companies

	2021	2020
	KShs'000	KShs'000
Air Total International SA	689,587	343,266
Total Uganda Limited	668,032	755,926
Gapco Kenya Limited	701,581	188,780
TotalEnergies Marketing Afrique (formerly Total Outre-Mer)	54,111	58,733
Total RDC S.A.R.L	4,868	13,658
Total Tanzania Limited	57,483	47,151
Other related companies*	47,595	42,084
	2,223,257	**1,449,598**

*Other related companies are subsidiaries of TotalEnergies Marketing Afrique.

(ii) Amounts due to related companies

	2021	2020
	KShs'000	KShs'000
Total Marketing Services	-	27,106
Gapco Kenya Limited	35,638	58,120
Total Supply MS SA	18,088	7,997
Total Uganda Limited	698	98,764
Total Tanzania Limited	16	14,705
Total Access to Energy Solutions	75,464	31,236
Total Gestion Internationale SA and Total Global Procurement*	-	14,370
Total Marketing Middle East FZE	660	503
Others*	22,949	21,989
	153,513	**274,790**

* Other related companies are subsidiaries of TotalEnergies Marketing Afrique.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(iii) Amounts due to holding company

	2021	2020
	KShs'000	KShs'000
TotalEnergies Marketing Afrique (formerly Total Outre-Mer)	2,536,331	1,725,080

(iv) Transactions with related companies

Purchases of petroleum products from the holding company	7,325,825	9,941,194
Purchases of petroleum products from other related companies	258,101	1,495,354
Revenue on sale of petroleum products to related companies	4,284,213	2,386,413
General assistance (Note 6)	579,277	629,145

(v) Key management compensation

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

Salaries and other short-term employment benefits	214,945	178,736
Post-employment benefits	9,066	7,754
	224,011	186,490

(vi) Directors' remuneration

Fees for services as a director	8,500	8,000
Other emoluments		
Salaries and other short-term employment benefits		
- Cash emoluments including pension	67,641	59,318
- Non-cash emoluments	15,866	28,062
	83,507	87,380
	92,007	95,380

Non-cash emoluments mainly relate to house, vehicle, telephone, utilities and domestic employees.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees or commitments received or provided for any related party receivables or payables. For the year ended 31 December 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related companies (2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related companies and the market in which the related companies operates.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2021	2020
	KShs'000	KShs'000
Property, plant and equipment	22,324	22,324
Prepaid operating leases	2,040	2,040
	24,364	24,364

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

At 1 January	24,364	24,364
Disposed during the year	-	-
At 31 December	24,364	24,364

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Non-current assets classified as held for sale relate to an interest in a joint facility (Nairobi Joint Depot) that is to be disposed of following the purchase of Total Marketing Kenya Limited by TotalEnergies Marketing Kenya PLC (Note 1(t)).

The assets were initially classified as assets held for sale in 2010 after purchase of Total Marketing Kenya Limited in 2009. There have been discussions with the partner in the joint facility to purchase the interest, which was gazetted as required by the Competition Authority of Kenya.

The Company is committed to its plan to dispose of these assets.

No impairment loss was recognized on assets classified as held for sale as at 31 December 2021 as the expected proceeds on disposal exceed the net carrying amounts of the assets.

21. SHARE CAPITAL

	2021	2020
	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**

	2021		2020	
Fully paid ordinary and preference shares	**Number of shares KShs'000**	**Share capital KShs'000**	**Number of shares 'KShs'000'**	**Share Capital KShs'000**
Ordinary shares	175,065	875,324	175,065	875,324
Redeemable preference shares	454,477	9,099,447	454,477	9,099,447
At 31 December	**629,542**	**9,974,771**	**629,542**	**9,974,771**

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

22. SHARE PREMIUM

	2021	2020
	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.

23. TRADE AND OTHER PAYABLES

	2021	2020
	KShs'000	KShs'000
Trade payables	12,832,507	10,639,398
Other payables and accruals	1,495,714	2,290,855
Total payables	**14,328,221**	**12,930,253**
Classified as:		
Non-current – trade payables	897,793	756,621
Non-current – provisions	419,976	234,217
Current – trade and other payables	13,010,452	11,939,415
	14,328,221	**12,930,253**

PROVISIONS FOR LEGAL MATTERS

	2021	2020
At beginning of year	234,217	214,717
Additional provisions	185,759	60,000
Paid during the year	-	(40,500)
At end of year	**419,976**	**234,217**
Categorized as:		
Current portion	-	-
Non-current portion	**419,976**	**234,217**

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

Terms and conditions of the trade and other payables

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

Non-current payables mainly relate to LPG cylinder deposits and legal risk provisions.
The Company writes back, to other income, any Cylinder deposits that are more than 7 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

24. NOTES TO THE STATEMENT OF CASH FLOWS

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

	Notes	2021 KShs'000	2020 KShs'000
Profit before tax		3,992,919	4,784,574
Adjustments for:			
Unrealised foreign exchange gain	7 (c)	26,915	27,625
Finance income	7 (a)	(216,862)	(243,660)
Finance costs	7 (b)	283,265	157,482
Decrease in allowance for expected credit losses in the year	18	(26,989)	(62,050)
Provisions for legal matters	23	185,759	60,000
Other provisions relating to inventories		31,157	(59,479)
Movement in leave provision		2,929	(96,097)
Movement in bonus provision		(7,690)	5,804
Depreciation on property, plant and equipment	12	1,531,454	1,493,210
Depreciation on right-of-use assets	13	238,835	212,872
Amortisation of intangible assets	15	28,501	26,363
Gain on disposal of leasehold land	5	(275,000)	-
Gain on disposal of property, plant and equipment	5	(87,432)	(2,265)
Operating profit before working capital changes		5,707,761	6,304,379
(Increase)/ decrease in inventories		(1,342,777)	291,405
Increase in trade and other receivables		(701,898)	(444,982)
Increase in trade and other payables		1,184,469	4,962,227
Increase/ (decrease) in amounts due to holding company		811,251	(673,408)
(Increase)/ decrease in amounts due from related companies		(773,659)	44,475
Decrease in amounts due to related companies		(121,277)	(369,393)
Legal provisions paid	23	-	(40,500)
Cash generated from operations		**4,763,870**	**10,074,203**

(ii) Analysis of cash and cash equivalents

	2021	2020
Cash and bank balances	**10,100,456**	**9,591,950**

Cash and cash equivalent

For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand and in banks, short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

25. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Legal matters

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

(b) Commitments

	2021 KShs'000	2020 KShs'000
Total commitments given	1,267,213	963,699
Total commitments received	1,812,939	1,844,571

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 274 million (USD 2,427,388) exists as at 31 December 2021 (2020: KShs 265 million (USD 2,427,388) for an unsettled invoice from the parent company, Total Outre-mer, and has not been booked in the Company's books as the goods were not received by the Company. The amount relates to shipping costs of crude oil imported by the Company from Total Outre-Mer that was rejected by Kenya Petroleum Refinery Limited (KPRL). The ultimate liability lies with KPRL and not with the Company. Management is keenly following up on the matter and is of the view that the ultimate resolution of this matter will not have any impact on the Company's financial position or liquidity.

(d) Capital commitments

	2021 KShs'000	2020 KShs'000
Authorised and contracted for	635,642	222,677
Authorised but not contracted for	1,321,609	1,816,499

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

NOTES TO THE FINANCIAL STATEMENTS

26. RETIREMENT BENEFIT PLANS

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

Also, the Company contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the statutory scheme are determined by local statute. Contributions to this scheme during the year amounted to KShs 5,056,560 (2020: KShs 5,054,000).

The total expense recognised in profit or loss for the year of KShs 161,864,000 (2020: KShs 159,041,000) (Note 6) represents contributions payable to the plan by the Company at rates specified in the rules of the plan.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to shareholders. The Company's overall strategy remains unchanged from 2020.

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

28. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's financial assets include trade and other receivables, amounts due from related companies and cash and cash equivalents that are derived directly from its operations.
The Company is exposed to market risk, credit risk and liquidity risk.

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

The Company's treasury function reports monthly to the Group's treasury, a section of the Group that monitors risks and policies implemented to mitigate risk exposures. The Group's treasury reviews and agrees policies for managing each of these risks which are summarized below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk that affects the Company is foreign currency risk and interest rate risk.

Financial instruments affected by market risk include trade and other receivables, bank balances, trade and other payables, short term borrowings and deposits with financial institutions.

Foreign currency risk

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

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

There has been no change to the Company's exposure to market risks or the manner in which it measures and manages the risk.
The main currency exposure relates to the fluctuation of the Kenya Shillings exchange rates against the US Dollar and Euro.

NOTES TO THE FINANCIAL STATEMENTS

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

	EUR	USD	Total
	KShs'000	KShs'000	KShs'000
31 December 2021			
Assets			
Trade and other receivables	-	910,461	910,461
Amounts due from related companies	-	2,223,257	2,223,257
Bank balances	390,349	4,052,737	4,443,086
Total assets	390,349	7,186,455	7,576,804
Liabilities			
Trade and other payables	(453,854)	(2,717,314)	(3,171,168)
Amounts due to holding and related companies	(376,415)	(2,313,429)	(2,689,844)
Total liabilities	(830,269)	(5,030,743)	(5,861,012)
Net exposure	**(439,920)**	**2,155,712**	**1,715,792**
31 December 2020			
Assets			
Trade and other receivables	-	295,039	295,039
Amounts due from to related companies	-	1,449,598	1,449,598
Bank balances	308,761	1,635,697	1,944,458
Total assets	308,761	3,380,334	3,689,095
Liabilities			
Trade and other payables	(631,920)	(1,485,913)	(2,117,833)
Amounts due to holding and related companies	(646,500)	(1,353,370)	(1,999,870)
Total liabilities	(1,278,420)	(2,839,283)	(4,117,703)
Net exposure	**(969,659)**	**541,051**	**(428,608)**

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.

NOTES TO THE FINANCIAL STATEMENTS

	Profit or loss before tax		Equity	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
USD impact	215,571	54,105	150,900	37,874
Euro impact	(43,992)	(96,966)	(30,794)	(67,876)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2021, the company did have any borrowings (2020: Nil) hence there were no exposures to interest rate risk.

(ii) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from a default by counterparty on its contractual obligations. The Company's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available. If not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' ability to service the credit advanced to them and, where appropriate, credit guarantee is requested.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved banks and within credit limits assigned to each bank. Bank credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a bank's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2021 and 31 December 2020 is the carrying amounts of its financial assets as illustrated below.

The Company's maximum exposure relating to financial guarantees is also included in the table. The company's maximum exposure to credit risk as at 31 December 2021 and 31 December 2020 is analysed in the table below:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021	Total KShs'000
Amounts due from related companies	2,223,257
Trade receivables	
Network	1,985,743
Non-network	7,501,844
	9,487,587
Other receivables	1,306,916
Bank balances	10,100,456
Financial guarantees given	1,267,213
	24,385,429

31 December 2020	Total KShs'000
Amounts due from related companies	1,449,598
Trade receivables	
Network	1,920,033
Non-network	6,051,124
	7,971,157
Other receivables	1,486,976
Bank balances	9,591,268
Financial guarantees given	963,699
	21,462,698

Bank guarantees and cash deposits are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2021, 33% (2020: 25.9%) 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 26,988,000 as at 31 December 2021 (2020: KShs 274,713,000).

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

31 December 2021	Trade receivables Days past due					
	Current days KShs'000	< 30 days KShs'000	30–60 days KShs'000	61-90 days KShs'000	> 91 days KShs'000	Total KShs'000
Expected credit loss rate (%)	0.31%	1.22%	7.57%	6.03%	28.29%	
Estimated total gross carrying amount at default	6,153,790	1,102,994	418,085	86,461	2,504,273	10,265,603
Expected credit loss	19,288	13,458	31,665	5,212	708,393	778,016

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020						Trade receivables Days past due
	Current days KShs'000	< 30 days KShs'000	30–60 days KShs'000	61-90 days KShs'000	> 91 days KShs'000	Total KShs'000
Expected credit loss rate (%)	0.02%	5.03%	11.40%	16.69%	50.38%	
Estimated total gross carrying amount at default	6,928,945	191,296	50,253	61,948	1,543,720	8,776,162
Expected credit loss	1,662	9,625	5,727	10,341	777,650	805,005

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 2021 or 2020.

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 2021 was:

	2021	2020
Cash deposit collateral	**KShs'000**	**KShs '000**
Network	755,862	757,448
Non-network	388,478	363,474
Bank guarantees collateral		
Network	121,200	156,700
Non-network	1,689,189	1,679,101
Total	**2,954,729**	**2,956,723**

There is no collateral held against cash and cash equivalents.

(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.

	2021	2020
	KShs'000	KShs'000
Amount unused – Total Treasury	**11,628,000**	**10,904,000**
Amount unused – local banks	**19,227,000**	**18,832,000**

NOTES TO THE FINANCIAL STATEMENTS

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 2021

	Up to 1 month KShs'000	1-3 months KShs'000	4-12 months KShs'000	> 1 year KShs'000	Total KShs'000
Trade and other payables current	12,740,643	127,119	80,364	-	12,948,126
Amounts due to holding and related companies	2,481,089	-	-	208,755	2,689,844
Lease liability	69,783	8,836	165,094	1,283,768	1,527,482
Financial guarantees given	-	-	1,267,213	-	1,267,213
Total financial liabilities	**15,291,515**	**135,955**	**1,512,671**	**1,492,523**	**18,432,665**

At 31 December 2020

	Up to 1 month KShs'000	1-3 months KShs'000	4-12 Months KShs'000	> 1 year KShs'000	Total Ks'000
Trade and other payables – current	10,082,536	507,995	186,126	-	10,776,657
Amounts due to holding and related companies	1,791,115	-	-	208,755	1,999,870
Lease liability	47,513	20,776	245,036	1,222,379	1,535,704
Financial guarantees given	-	-	963,699	-	963,699
Total financial liabilities	**11,921,164**	**528,771**	**1,394,861**	**1,431,134**	**15,275,930**

29. FAIR VALUE

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

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

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - unobservable inputs for the asset or liability.

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021, there were no assets and liabilities that are recognised in the financial statements at fair value.
Management assessed that the fair value of financial instruments including trade and other receivables, amounts due from related companies, cash and cash equivalents, trade and other payables, amounts due to holding company, amounts due to related companies and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

30. INCORPORATION

TotalEnergies Marketing Kenya PLC is a limited liability Company incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The parent company is TotalEnergies Marketing Afrique (formerly Total Outre-Mer) while the ultimate holding company is TotalEnergies SE, both incorporated in France.

31. EVENTS AFTER THE REPORTING PERIOD

The international fuel prices have rallied upwards due to imbalance between demand and supply following normalisation of global economy after Covid-19 subsided. In addition, Russian invasion of Ukraine has caused disruption in crude supplies globally due to sanctions by US and Europe. Russia is one of the major oil producing country in the world.

Despite the sharp increase in international oil prices, the local prices have changed marginally due to introduction of oil subsidy scheme by the Government in 2021. This is meant to cushion the oil consumers against sharp increase in oil prices.

The Company has put in place a price risk management model that enables it to closely monitor the market and to adapt pricing offers to its customers, hence minimizing the price lag effect through effective supply planning.

The directors have also assessed that:

- No adjusting events or conditions existed at the reporting date affecting the financial statements.
- The going concern status of the Company will not be affected by this event in the foreseeable future and the Company will continue to operate as a going concern.
- Customer credit risk is not expected to increase further. Management will continue to closely monitor customer segments to ensure that exposures are mitigated.
- There are no conditions that would warrant impairment of non-financial assets. There are no significant financial assets measured at fair values that would materially impact the performance of the Company.

The directors and management will continue to prioritise investment in profitable projects, support dividend and maintain a strong balance sheet.

There are no events that have occurred after the reporting period which require adjustments to, or disclosure, in the financial statements.

4. APPENDICES

APPENDIX I

STATEMENT OF FINANCIAL POSITION

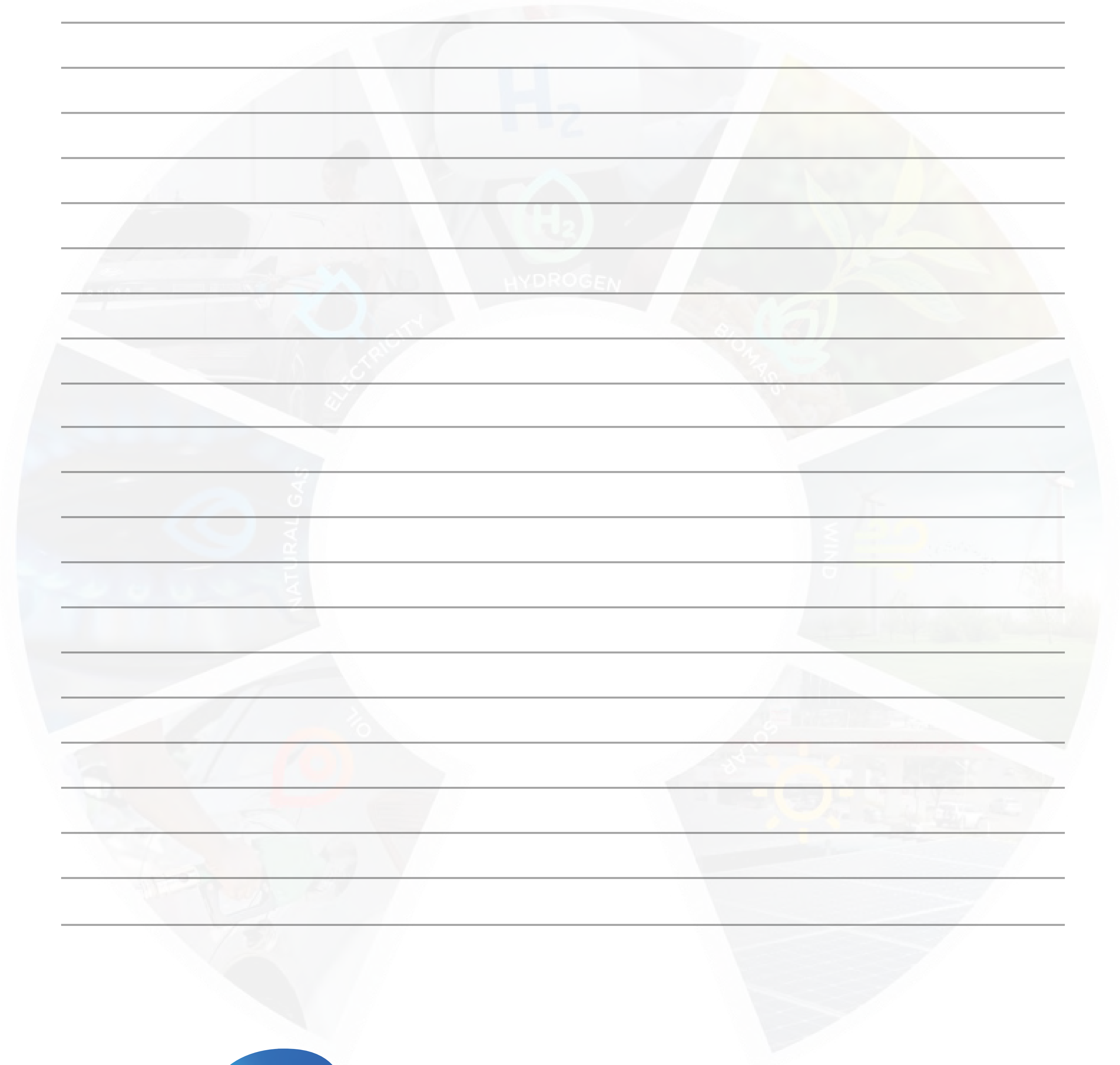
As at 31 December	2021 KShs'000'	2020 KShs'000'	2019 KShs'000'	2018 KShs'000'	2017 KShs'000'
ASSETS					
Non-current assets					
Property, plant ,equipment and leases	13,317,926	12,695,408	12,712,517	11,032,442	10,708,362
Goodwill	416,679	416,679	416,679	416,679	416,679
Intangible assets	222,465	230,731	228,826	187,585	72,805
Deferred tax asset	393,864	308,343	377,462	336,563	335,743
Total non-current assets	14,350,934	13,651,161	13,735,484	11,973,269	11,533,589
Current assets					
Inventories	7,747,934	6,436,314	6,668,240	9,916,675	12,461,179
Trade and other receivables	14,806,406	13,283,383	12,855,068	10,645,435	11,174,354
Cash and cash equivalents	10,100,456	9,591,950	4,281,548	6,699,178	2,818,629
Total current assets	32,654,796	29,311,647	23,804,856	27,261,288	26,454,162
Assets classified as held for sale	24,364	24,364	24,364	24,364	24,364
	32,679,160	29,336,011	23,829,220	27,285,652	26,478,526
TOTAL ASSETS	47,030,094	42,987,172	37,564,704	39,258,921	38,012,115
EQUITY AND LIABILITIES					
Equity					
Share capital	9,974,771	9,974,771	9,974,771	9,974,771	9,974,771
Share premium	1,967,520	1,967,520	1,967,520	1,967,520	1,967,520
Retained earnings	16,668,532	14,918,006	12,439,879	10,723,752	9,474,928
Total equity	28,610,823	26,860,297	24,382,170	22,666,043	21,417,219
Non-current liabilities					
Trade and other payables	2,239,805	1,839,746	2,125,506	1,188,711	1,339,206
Total Non-current liabilities	2,239,805	1,839,746	2,125,506	1,188,711	1,339,206
Current liabilities					
Trade and other payables	16,179,466	14,287,129	10,308,441	15,404,167	10,087,337
Short term borrowings			748,587	-	5,168,353
Total current liabilities	16,179,466	14,287,129	11,057,028	15,404,167	15,255,690
TOTAL EQUITY AND LIABILITIES	47,030,094	42,987,172	37,564,704	39,258,921	38,012,115
	(0)	-	-	-	-
Profit/(loss) for the year	2,738,908	3,296,532	2,534,532	2,312,582	2,738,216

APPENDIX II

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December	2021	2020	2019	2018	2017
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Gross sales	110,161,215	97,351,821	143,990,455	136,678,235	137,096,919
Indirect taxes and duties	(35,450,751)	(31,920,643)	(32,113,529)	(28,765,461)	(25,673,365)
Net sales	74,710,464	65,431,178	111,876,926	107,912,774	111,423,554
Cost of sales	(65,909,440)	(56,374,062)	(103,266,119)	(99,560,337)	(103,171,526)
Gross profit	8,801,024	9,057,116	8,610,807	8,352,437	8,252,028
Operating expenses and other income	(4,685,662)	(4,214,951)	(4,712,114)	(4,882,298)	(4,316,300)
Finance (costs)/income and net foreign exchange (loss)/gain	(122,443)	(57,591)	(17,325)	128,385	196,088
Profit/(loss) before tax	3,992,919	4,784,574	3,881,368	3,598,524	4,131,816
Taxation	(1,254,011)	(1,488,042)	(1,346,836)	(1,285,942)	(1,393,600)
Profit/(loss) for the year	2,738,908	3,296,532	2,534,532	2,312,582	2,738,216

NOTES



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PROXY FORM

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, 30th June 2022 and at any adjournment thereof.

As witness by my/our hand this …………… day of ……………………………………... 2022

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 Seventh (67th) Annual General Meeting held on 25 June 2021			
Adoption of the audited Financial Statements for the year ended 31 December 2021 together with the Chairman's Statement and the reports of the Directors and the Auditors			
Approval of the payment of a first and final dividend of Kshs 1.31/- per share in respect of the Financial Year ended 31 December 2021			
To approve the Directors' Remuneration Policy and Report as detailed in the Annual Report for the Financial Year ended 31 December 2021 and, to authorize the Board to fix the remuneration of the Directors			
Re-election of Mr Maurice Odhiambo K'Anjejo as a Director of the Company			
Re-election of Mr. Paul-Henri Assier de Pompignan as a Director of the Company			
Appointment of Board Audit Committee comprising the following Members:- a) Mr Joseph Karago b) Ms Margaret Shava c) Mr Maurice Odhiambo K'Anjejo d) Mr. Paul-Henri Assier de Pompignan			
Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorization of the Board to fix the Auditor's Remuneration for the ensuing Financial Year.			

ELECTRONIC COMMUNICATIONS PREFERENCE FORM (Please complete in Block Capitals)

Full Name of Member(s): ……

Address ……

CDSC No …………………………………………………… Mobile Number……………………………………………………………

I/We hereby give my/our consent for use of the mobile number provided for purposes of the AGM.

Signature (s) (i)……………………………………… (ii)……………………………………………

PROXY FORM

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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. 28th June 2022 at 2.00p.m ; or any adjournment thereof.

Upishi ni wewe
Gas ni sisi

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