



TOGETHER WE ARE STRONGER

VIVO ENERGY PLC
ANNUAL REPORT & ACCOUNTS 2020



TOGETHER THROUGH ADVERSITY

These are exceptional times, and this has been an extraordinary year.

As soon as the pandemic became apparent, our markets in Africa took swift action to restrict mobility in order to help prevent the spread of COVID-19. This effective closure of parts of the economy led to a dramatic reduction in travel which tested the resilience of our business.

Its underlying strength has enabled Africa to deal with threats in the past and to bounce back, energised by a youthful population and a growing middle class.

As a young, energetic company with a growing network, we have pulled together during this crisis. We played our part, not just as a business, but with our partners and as a pillar of our local communities.

The future of Vivo Energy is inseparable from the bright future of our continent. Whatever the immediate future brings, we look forward with confidence.



The Board and I are proud of how our teams across the Group quickly responded to the impact of COVID-19 – keeping the business running, supporting each other and our stakeholders, and demonstrating true resilience.”

JOHN DALY
CHAIRMAN



2020 HIGHLIGHTS

- Played our part by prioritising the safety of our people, our customers and our communities throughout the pandemic.
- Took swift action at the start of the pandemic, maintaining the resilience of our business and the strength of our balance sheet.
- Raised \$350 million in new long-term debt through completion of our inaugural bond transaction.
- Delivered an industry-leading safety record during the year.
- Achieved a fast pace of recovery as mobility restrictions were eased, with H2 performance broadly in line with H2 2019.
- Further integrated sustainability into our long-term thinking.
- Continued to deliver against our strategy, despite the pandemic – expanding our network, growing Non-fuel retail and embracing digital.

REVENUES US\$ million

6,918

-17%

VOLUME Million litres

9,637

-7%

GROSS CASH PROFIT US\$ million

697

-6%

ADJUSTED EBITDA US\$ million

360

-16%

NET INCOME US\$ million

90

-40%

RECOMMENDED DPS Cents per share

3.8

0%

Final dividend in respect of full 12 months of 2020 and in line with FY proposed dividend for 2019.

COMMUNITY INVESTMENT SPEND US\$ million

4

SERVICE STATIONS ADDED Net total

104

HSSEQ – TOTAL RECORDABLE CASE FREQUENCY Per million exposure hours

0.10

Non-GAAP measures are explained and reconciled on pages 40 to 41.

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TOGETHER WE ARE RESILIENT



“

WE ARE LIVING IN UNPRECEDENTED TIMES. BUT TOGETHER WE ARE RESILIENT AND I KNOW THAT BY CONTINUING TO STAY CALM, RESOURCEFUL AND FOCUSED ON SUPPORTING EACH OTHER WE WILL OVERCOME THIS TOGETHER.”

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER





SUPPORTING OUR PARTNERS

From the earliest days of the pandemic, we rapidly took action to protect our people and our partners. Thanks to the fast response and dedication of our innovative and quick-thinking teams we were able to keep our business running and to support our customers throughout the lockdowns.

Protecting the health and safety of our people and customers remained our number one priority – adapting our service stations, depots and facilities to make them safe and secure.

We implemented a range of projects to help our local communities – including supporting many of our host governments' COVID-19 funds, providing free fuel for healthcare workers, blending hand sanitisers at our lubricant blending plants, supporting e-learning applications for children whose schools had closed, and providing supplies to those most in need through local NGOs.

And we protected jobs – working closely with our dealer network and our transport partners to protect the jobs of the front line staff employed by them while volumes were low.

Throughout the pandemic, we supported and protected our stakeholders – playing our part, and demonstrating that together we are resilient.



COMMUNITY INVESTMENT

\$4m

donated to community investment projects and host governments' COVID-19 funds

130+

Community investment projects





TOGETHER WE ARE MORE SUSTAINABLE



60,000

tonnes of CO₂ savings
over 10 years

3.9MWP

solar photovoltaic
power plant

New electric
vehicle charging
point in Reunion





ENSURING LONG-TERM SUSTAINABILITY

Our vision is to become the most respected energy business in Africa and, since our inception in 2011, we have embedded sustainability practices into our business. We aim to be good stewards of the environment, while developing our people and supporting our communities.

As part of the Group's progress we have continued to evolve and enhance our sustainability practices to ensure we can achieve our vision.

We are now more formally embedding climate change into our governance and strategy. This will enable us to play our part in meeting environmental policy commitments, while at the same time satisfying the growing demand for fuel on the African continent in the years ahead.

We are particularly proud of securing our first commercial solar contract, which will provide a hybrid solar/fuel energy solution to the Nampala gold mine, in Mali.

The plans and actions we initiate today are shaping our future – ensuring that together we are more sustainable.



“

THE NAMPALA PROJECT UNDERLINES OUR COMMITMENT TO DEVELOPING INNOVATIVE PRODUCTS, SERVICES AND PRACTICES THAT REDUCE IMPACT ON THE ENVIRONMENT.”

ERIC GOSSE

EXECUTIVE VICE-PRESIDENT BUSINESS DEVELOPMENT,
SUPPORT AND INDIAN OCEAN ISLANDS



TOGETHER AFRICA WILL EMERGE STRONGER



5.1%

expected average annual GDP growth in our markets from 2021 to 2025

23

African countries with a Retail footprint





A RESILIENT BUSINESS ON A VIBRANT CONTINENT

Although 2020 was an unprecedented year, the macro drivers behind continued growth in fuel demand in our markets remained unchanged. We expect this to continue as Africa emerges from the impacts of the pandemic.

We're a highly resilient business, integral to the lives of our millions of customers who rely on our products to move around the continent. And we operate in a highly resilient continent, with an exceptionally young and growing population, with more vehicles on the road every year.

We are excited about future opportunities ahead of us and will continue to adapt in order to capitalise on them.

The long-term growth opportunities across the continent remain undimmed, and together Africa will emerge stronger.



60%

of Africa's population
are younger than
25 years old



“

THE MACRO DRIVERS FOR INCREASING FUEL DEMAND — AND VIVO ENERGY'S GROWTH — REMAIN STRONG.”

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

WHO WE ARE

A COMPANY ON THE MOVE

We're a market-leading, pan-African retailer and distributor of high-quality Shell and Engen-branded fuels and lubricants to Retail and Commercial customers across the continent, with a growing Non-fuel retail offering.

Operating in robust and growing markets, we make our customers' lives easier and their experience with us more convenient, enjoyable and rewarding.

How? By providing quality products and services that meet their needs, supported by high standards of safety, innovation and service – in every area where we operate.

ADJUSTED EBITDA BY SEGMENT US\$ million



● Retail	216
● Commercial	92
● Lubricants	52

RETAIL

Retail is the engine that powers our growth. At the end of 2020, our network comprised 2,330 service stations across the continent – making us the second largest retailer in Africa outside South Africa, in terms of site numbers.

RETAIL FUEL

Sale of petrol and diesel fuels at Shell and Engen-branded service stations, across 23 countries.

NON-FUEL RETAIL

Multi-branded convenience retail shops, quick service and fast casual restaurants, and other services including lubricant bays, car washes and ATMs.

COMMERCIAL

Our Commercial business is founded on a proven proposition to thousands of customers. We not only ensure a reliable supply of high-quality fuels and energy to a wide range of customers, but also support those products with extensive, trusted services.

CORE COMMERCIAL

Supplying mining, construction, transport, power and industrial companies. We also supply LPG, primarily to consumers, as well as fuels to the wholesale market.

AVIATION & MARINE

Supplying aviation fuel, plus bunkering for marine traders and other shipping companies.

LUBRICANTS

We sell lubricants to Commercial customers and Retail consumers in our countries of operation, and also export to more than ten additional African markets.

RETAIL LUBRICANTS

Providing products to consumers at our service station forecourts and lubricant bays and also at oil shops, repair shops, service centres and resellers through a network of distributors.

COMMERCIAL LUBRICANTS

Supplying specialist lubricants to mining companies and B2B customers, and also exporting to other African markets.

HIGHLIGHTS

- Mobility in our markets was impacted by COVID-19 restrictions, which in turn impacted volumes. However, volumes recovered rapidly as restrictions eased, demonstrating the resilience of our business.
- Improvement of our existing network with 320 service stations renovated during the year.
- Expansion of retail network with a net total of 104 service stations added in 2020.
- 141 sites automated during the year, helping improve service and efficiency.
- Development of Non-fuel retail offering with a net total of 58 new shops and pharmacies and 20 food outlets added at our service stations, plus new food joint ventures formed during the year.
- Continued growth of loyalty programmes across the Group, with a total of more than 1.4 million members.

GROSS CASH PROFIT INCLUDING NON-FUEL RETAIL
US\$ MILLIONVOLUME
million litres

5,456

-8%

GROSS CASH UNIT MARGIN
\$/'000 litres76¹

+7%

1 Excludes Non-fuel retail.



HIGHLIGHTS

- Signed first solar/fuel hybrid project for a Commercial customer – to provide solar power to a mine in Mali.
- Achieved growth in our consumer LPG business, with plans to expand our cylinder distribution during 2021.
- Maintained and grew our Commercial fuels business through existing and new customers and seizing opportunities with fuel resellers.
- Enhanced and automated our Commercial sales tools and processes for greater efficiency and improved customer relationship management.
- Aviation and Marine volumes severely impacted by travel restrictions imposed as a result of COVID-19.

GROSS CASH PROFIT
US\$ MILLIONVOLUME
million litres

4,045

-8%

GROSS CASH UNIT MARGIN
\$/'000 litres

45

-8%



HIGHLIGHTS

- Consolidated and grew the consumer Lubricants business.
- Achieved significant growth in motorcycle oil sales.
- Expanded lubricants export footprint in the Democratic Republic of the Congo and to Ethiopia, however there were lower sales in several export markets.
- Executed Retail lubricants recovery programme to re-engage with customers in a COVID-safe manner after mobility restrictions were eased.
- Introduced Shell-branded lubricants to a number of our Engen-branded markets.
- Lockdown restrictions impacted Commercial lubricants volumes in the construction and power sectors, however significant improvements were registered in the second half.

GROSS CASH PROFIT
US\$ MILLIONVOLUME
million litres

136

-1%

GROSS CASH UNIT MARGIN
\$/'000 litres

570

+4%



WHERE WE OPERATE

A STRONG AND GROWING PRESENCE

At the end of 2020, our retail network comprised 2,330 service stations, spanning 23 countries. Despite the impact of COVID-19, we added a net total of 104 service stations during the year. We also added a net total of 58 convenience retail shops and pharmacies and 20 food outlets at our service stations.

We continue to operate significant Commercial and Lubricants businesses across the continent.



01 TUNISIA

Total volume	1,060
Service stations	168
Market position	2

02 MOROCCO

Total volume	1,925
Service stations	371
Market position	2

03 CAPE VERDE

Total volume	164
Service stations	27
Market position	2

04 SENEGAL

Total volume	472
Service stations	124
Market position	2

05 MALI

Total volume	237
Service stations	46
Market position	1

06 GUINEA

Total volume	470
Service stations	113
Market position	2

07 CÔTE D'IVOIRE

Total volume	618
Service stations	225
Market position	2

08 BURKINA FASO

Total volume	374
Service stations	83
Market position	2

09 GHANA

Total volume	491
Service stations	232
Market position	2

10 UGANDA

Total volume	427
Service stations	160
Market position	2

11 KENYA

Total volume	1,235
Service stations	245
Market position	1

12 NAMIBIA

Total volume	350
Service stations	68
Market position	1

13 BOTSWANA

Total volume	271
Service stations	80
Market position	2

14 MADAGASCAR

Total volume	159
Service stations	75
Market position	4

15 MAURITIUS

Total volume	355
Service stations	50
Market position	1

Market position provided by CITAC, and based on volumes.

Total volume is measured in million litres, and excludes volume related to supply trading, not allocated to countries.



16 GABON

Total volume	93
Service stations	24
Market position	4

17 RWANDA

Total volume	60
Service stations	31
Market position	3

18 ZAMBIA

Total volume	101
Service stations	41
Market position	4

19 MALAWI

Total volume	40
Service stations	25
Market position	4

20 TANZANIA

Total volume	85
Service stations	20
Market position	9

21 REUNION

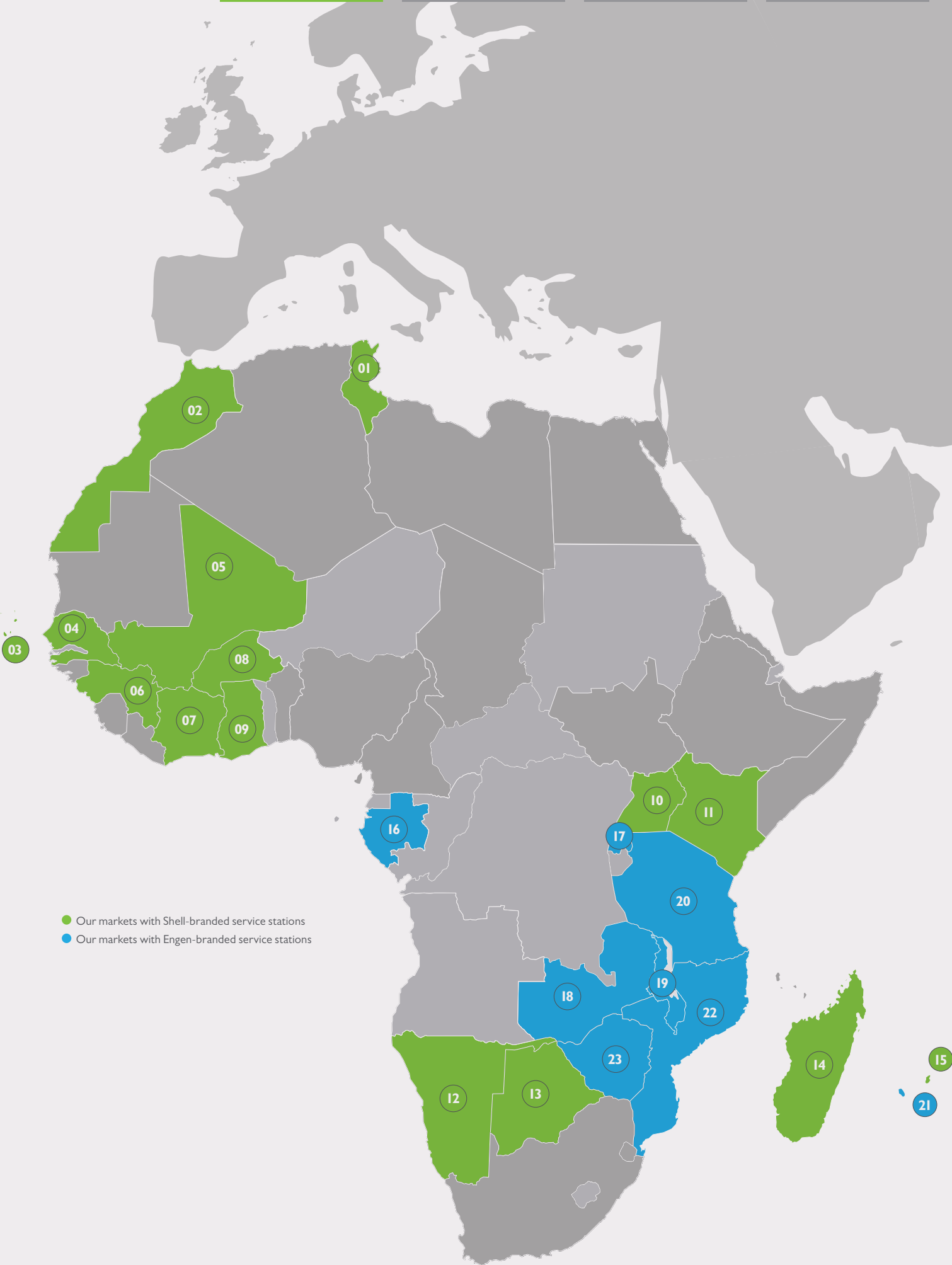
Total volume	189
Service stations	35
Market position	3

22 MOZAMBIQUE

Total volume	98
Service stations	24
Market position	3

23 ZIMBABWE

Total volume	132
Service stations	63
Market position	4



CHIEF EXECUTIVE OFFICER'S STATEMENT

If 2019 was a year of firsts for Vivo Energy, 2020 was a year like no other. In 40 years of working, across four continents and through many macroeconomic cycles, I have never experienced the conditions we saw during the year.

My overriding memory of the year, however, is one of pride and togetherness. It was remarkable how each and every one of our employees, contractors and partners stood up and made a difference in the fight against COVID-19.

Our position at the heart of our host economies means that we played a critical role in fuelling the continent's response to COVID-19, not only by keeping sites open and customers fuelled, but also by supporting our many stakeholders through a difficult time.

IMPACT OF COVID-19 ON OUR MARKETS

We started the year full of optimism, with the integration of the Engen-branded markets effectively completed, and strong performance in our Shell-branded markets. It was only late in Q1 that we started to feel the impact from measures to prevent the spread of COVID-19 in our markets. However, recognising the risk posed by the spread of the virus, we had already taken the first of many actions to protect our people, preventing international travel from the end of January, and updating existing business continuity plans to reflect potential scenarios.

Few would have foreseen that at the pandemic's peak in April and May, nine of our 23 markets would follow Europe into complete lockdown of their economies, as a preventive measure against the spread of the virus. These markets represented 50% of our Group volumes the previous year, with some of these markets experiencing declines of up to 70% in monthly volumes during H1. All of our other host countries also implemented movement restrictions such as curfews as well as social distancing measures.

Vivo Energy's first priority has, and always will be, the health and safety of our people, our customers, and the communities where we operate. We acted quickly and decisively, implementing a range of preventive and protective health and safety measures including remote working and split shift patterns. We also took actions to protect our customers when they visit our sites.

The resilience that the African continent has shown during the COVID-19 pandemic has been nothing short of remarkable. At the outset of the pandemic, many experts rightly feared a human and economic catastrophe across the region, however, Africa is a young and vibrant continent, with a median age in our host countries of less than 25 years old. In facing a disease that disproportionately impacts the old, this demographic should provide real protection against major illness. It has been encouraging to see that healthcare systems have not been overrun, and the majority of our countries have tried to keep their economies open and their people in employment following the initial lockdowns.

**TOGETHER
WE MADE
A DIFFERENCE**



If 2019 was a year of firsts for Vivo Energy, 2020 was a year like no other.”

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

I do not wish to underplay the impact of the pandemic on our markets, with lower tourism, investment and economic activity, and uncertainty remains as long as the virus persists, but these are markets that have not been knocked off course. The young and growing population is driving economic development and Vivo Energy is helping to fuel that growth. The IMF expects GDP in 2020 to have fallen by 3.1% on average across our operating countries (excluding Reunion), but following a strong 4.5% rebound forecast for 2021, expects average GDP growth of 5.2% between 2022 and 2025. This would be one of the highest growth rates in the world – and we expect that it, together with our focus on growing market share, will provide a strong base for future growth.

DECISIVE ACTION TO PROTECT OUR BUSINESS AND ENABLE RECOVERY

While the scale of the changes to the operating environment were unprecedented, our reaction was testament to the well-established culture and operating model we have in Vivo Energy. Our decentralised model meant that we had the right people on the ground to react quickly to the changing conditions, managing working capital, credit and cash as well as working with our stakeholders to make sure we supported each other. The investment in our Enterprise Resource Planning (ERP) system meant that we had real-time data with which to inform decision-making, and this helped the Senior Executive Team to make the right decisions and guide our local teams.



CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

As a result, we were able to limit the many impacts of the pandemic on our business, reducing supply and protecting our balance sheet through April and May. Fuel is, and will continue to be, the lifeblood of our economies, enabling economic activity and development. As the strictest mobility restrictions were lifted, demand returned rapidly at our retail sites in June and through the second half of the year. Only the Aviation and Marine businesses, which have represented less than 4% of the Group gross cash profit on average over the past three years, have remained subdued due to international travel restrictions.

The swift demand recovery and our nimble supply chain meant that we have been able to deliver strong performance through the second half of the year, which limited the reduction in full year gross cash profit to 6% against 2019. This fall is driven by volumes being down just 7% against 2019, despite a reduction of volumes during April and May of approximately 30%, the Aviation and Marine impact and restrictions continuing through the year in many markets. We also saw Group gross cash unit margin remain largely stable over the previous year at \$72 per thousand litres, with H1 gross cash unit margin impacted by inventory impacts, and H2 seeing a reversal of this and benefiting from the mix effect as well as the supply and pricing environment.

This robust performance led to adjusted EBITDA of \$360 million, down 16% against the previous year, and Basic earnings per share of 6 cents, 45% lower than 2019 as our normally beneficial operating leverage worked against us due to the lower volumes.

While the full year performance was lower than 2019, H2 2020 performance was in line with the previous year and demonstrates the resilience of our business despite the turbulence in the markets.

2020 was a challenging year on a number of levels, and I was delighted at how we responded. However, our share price has not recovered in line with performance and remains at disappointing levels. I believe that as we deliver against our growth plans, and show our commitment to shareholder returns, this will be recognised in time by the market and reflected in our valuation.



We delivered a strong performance through the second half of the year, which limited the reduction in full year gross cash profit to 6% against 2019."

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

SUPPORTING OUR STAKEHOLDERS

With a vision to become the most respected energy business in Africa, we've always aimed to provide a positive impact for all of our stakeholders. I believe this is firmly demonstrated by our actions through the current pandemic and reflects the integration of sustainable business practices into our culture and operations.

We have supported and protected our stakeholders through the pandemic and worked closely with our dealer network and our transporters to protect the jobs of the front line staff employed by them while volumes were low. We have also played our part in supporting the communities in which we operate by delivering over 130 community investment projects, ranging from donations of food, fuel and protective equipment to the blending of hand sanitiser.

We have continued to carefully manage our impact on the environment, keep our people safe, healthy, well trained and supported, as well as having stringent oversight to mitigate some of the inherent risks in our markets around fraud, bribery and corruption.

One area that has rightly come to prominence during the past year is climate change, and we outline further in the report our commitment to playing our part in reducing the impact of carbon emissions and the long-term transition to low-carbon energies. This fits firmly with our purpose to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people. In our markets we expect there will be a significantly longer transition than in Europe, due to a lack of infrastructure, affordability and reliable access to electricity, meaning that demand for fuels are forecast to continue to grow rapidly over the medium term. We have a central part to play in making sure those fuels are as clean as possible, that we provide our customers with the offerings they need and that when commercial alternatives become a reality, we will be well-positioned to capitalise on them.

GROSS CASH PROFIT

decreased 6% year-on-year

\$697M

FINAL DIVIDEND

\$48M

HSSEQ

Strong HSSEQ performance with Total Recordable Case Frequency of 0.10 incidents per million exposure hours

0.10

VOLUME

MILLION LITRES



ADJUSTED EBITDA

US\$ MILLION



CAPITAL STRUCTURE

Maintaining a conservative balance sheet in order to provide maximum future flexibility is a core element of our strategy. Due to the nature of our operating model, each market self-funds its needs through both organic cash generation, as well as access to local facilities.

These local facilities in aggregate amount to \$1.6 billion, with each country's access to finance scaled according to its needs. The level of access to local facilities and our close management of working capital meant that the business was comfortably able to weather the storm at the height of the mobility restrictions.

At the Group level, we've explored for some time the opportunity to re-finance an amortising facility that was due to mature in 2022, in order to remove the need to repay circa \$80 million of capital per annum. In September 2020, bond market conditions improved and we successfully priced a \$350 million debt offering with a seven-year tenor at 5.125%. The offering was multiple times oversubscribed and increases the Group's flexibility for future capital allocation while significantly extending the debt maturities at attractive rates. The bond has an investment grade rating of Baa3 from Moody's and ratings of BB+ from Fitch and S&P reflecting the underlying strength of our business model and financial position.

Earlier in the year, as a result of the uncertainty created by the pandemic, the Group did not pay the final dividend in respect of 2019 in June 2020, as previously expected. This was a prudent decision taken by the Board at the height of the restrictions and impact on the business. The Board also opted not to pay an interim dividend in respect of H1 2020 at the half-year results due to the short time period of recovery that had been underway. However, following the continued recovery in trading through the third quarter, the Board declared an interim dividend of \$34 million, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid, rather than withdrawn.

Due to the positive performance continuing in Q4, the Board has recommended a final dividend of 3.8 cents per share (\$48 million) in respect of 2020. This is in line with our stated progressive dividend policy and equal to the proposed 2019 full year dividend of 3.8 cents, despite the impacts of COVID-19 on the business during the year. If approved at our AGM, the final dividend will be paid to shareholders on 25 June 2021.

LOOKING AHEAD

The Group experienced a swift recovery in H2 2020, delivering strong financial performance and has growing confidence for the future, with the positive H2 2020 trends expected to continue into 2021. We navigated the first 12 months of the pandemic successfully, strengthening our market position in our key markets and continuing to invest in growing our network and offerings. Assuming the level of restrictions in our operating countries do not materially change, we anticipate that the progressive recovery in the Retail segment, driven by increasing mobility, will support business performance, with Aviation and Marine remaining subdued. We continue to invest in growing the business, with capital expenditure expected to be in line with 2020 levels, at around \$160 million as we invest in growing and upgrading the retail network and our offerings across all 23 countries, with 90-110 net new sites targeted for the year.

We have leading market positions in structural growth markets across Africa, which are expected to see a rapid recovery in economic growth in 2021 and beyond, driven by the macro fundamentals on the continent. The pandemic slowed, but has not stopped this growth, and with a young and growing population, an emerging middle class and increasing car penetration, fuel demand in our markets will continue to grow in the coming years, underpinning our long-term growth ambitions.

Throughout 2020 we maintained a strong balance sheet, and in Q3 completed a bond refinancing, which enhanced our capital structure and provides improved flexibility for capital allocation. Looking forward, we are focused on continuing to capture the growth opportunity that exists within our markets, and believe that at the same time, the level of cash flow generated within the Group and the balance sheet flexibility means that we are able to support a higher level of shareholder returns. We demonstrated our commitment to dividends by maintaining our progressive policy through the pandemic and believe that now is the right time to increase the minimum payout ratio from 30% to 50% of attributable net income, and intend for future dividends to grow in line with earnings.

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

INVESTMENT CASE

WHY INVEST?

As a market-leading retailer and distributor of fuels and related products to consumers and industries across Africa, Vivo Energy is in prime position to capitalise on the consistent growth in fuel demand in our emerging markets, driven by increasing car penetration, a growing middle class and major infrastructure investments.



LEADER IN STRUCTURAL GROWTH MARKETS

We have leading market positions in markets which continue to experience strong growth in underlying fuel demand, driven by the macro fundamentals on the continent. These positions enable significant scale benefits for the Group while providing the platform to capture a growing share of the long-term growth opportunity that exists.

TOP THREE MARKET POSITION IN

17

of our 23 markets



RESILIENT BUSINESS MODEL, WITH DIVERSIFIED LONG-TERM PROFIT DRIVERS

Our geographic diversification and supply of a critical product for consumers, industries and economies, gives us great resilience. This, together with the cost-plus nature of our operations, means our margins aren't correlated to the oil price, and provides growing returns for our stakeholders over the long term.

FIVE-YEAR AVERAGE ROACE OF

20%

Non-GAAP measures are explained and reconciled on pages 40 to 41.



We believe in operating in the right way and providing tangible benefits for all of our stakeholders. We do this by providing high-quality essential fuels, creating a well-trained and supported workforce, collecting and paying taxes, and operating to the highest standards of governance.”

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER



STRONG CASH GENERATION AND SUPPORTIVE WORKING CAPITAL DYNAMICS

We're a highly cash generative business, driven by disciplined capital allocation and supported by negative working capital dynamics in our Retail segment. This enables us to continue to self-fund our high return investment into our fuel and Non-fuel retail offerings, while providing consistent returns to shareholders, and maintaining a conservative capital structure.

FIVE-YEAR AVERAGE ANNUAL ADJUSTED FREE CASH FLOW OF

\$180m



CUSTOMER FOCUSED, NIMBLE AND LOCAL

We run a lean, flat and customer-centric organisation, with locally empowered management teams. Our 'Focus, Simplify, Perform' operating model means we can react quickly to changes in our countries. Together with our investments in technology and loyalty programmes, this enables us to tailor our offerings to customer needs.

CUSTOMERS SERVED ON AN AVERAGE DAY

750,000



MAKING A POSITIVE IMPACT IS AT THE HEART OF OUR PURPOSE

Our purpose is to safely provide innovative and responsible energy solutions to Africa, which enable the growth and development of the continent and its people. This means providing tangible benefits for all of our stakeholders, fuelling economic activity, maintaining a well-trained and supported workforce, and operating to the highest standards of governance. We're also working to reduce our environmental impact and making sure we are the long-term partner of choice for our customers and communities.

WE IMPLEMENTED MORE THAN

130

community investment projects during 2020

BUSINESS MODEL AND VALUE CREATION

HOW WE CREATE VALUE

Our resilient and integrated business model was tested and proven during the COVID-19 pandemic. This unchanged model, together with our strong operating culture of focusing, simplifying and performing, drives competitive advantages in our markets and supports our vision to become the most respected energy business in Africa.

OUR RESOURCES & RELATIONSHIPS

PARTNERSHIPS AND STAKEHOLDERS

We maintain strong relationships with our customers, retailers, distributors, communities, investors and host governments.

ASSETS

We have a well integrated network of retail sites, customer facilities and depots. We operate under the global Shell brand, and a leading African brand, Engen.

OUR PEOPLE

Our 2,747 diverse, talented and local people form a de-centralised and high performing team, with a common culture and purpose.

NATURAL RESOURCES

We have a responsibility to the environment, and are committed to reducing our impact and continually improving environmental performance.

FINANCIAL STRUCTURE

Our resilient unit margins, structurally negative working capital and high operating leverage deliver sustainable cash generation.

 More information in the Resources and Relationships section on pages 42 to 58.

OUR INTEGRATED MODEL...

SUPPLY

We supply our operations through diverse providers, ranging from oil traders and government refineries to lubricant blending plants, ensuring cost effective security of supply.

In 2020, Vitol – our largest shareholder – supplied around 33% of fuel products, under an arm's length agreement, with standard market terms and conditions.

STORAGE

On a continent where storage is scarce, we store up to one billion litres of fuels, equivalent to one month of supply, at either owned or shared facilities.

DISTRIBUTION

We distribute products using strong partnerships with trusted local transport companies, as well as by pipeline and rail where possible.



...PROVIDES A SUSTAINED COMPETITIVE ADVANTAGE...

The size of our footprint and relationships with suppliers enable us to source fuels at highly competitive prices.

Infrastructure provides a major barrier to entry to others, and growing volumes drive efficiencies.

Our model provides operational control over road transport, enabling us to implement our exacting HSSEQ standards and controls.

...WHILE EFFECTIVELY MANAGING OUR RISKS

- Oil price fluctuations
- Product availability and supply
- Currency exchange risk
- Information technology

- Product availability and supply
- Partner reputation and relationships
- Oil price fluctuations

- Health and safety
- Partner reputation and relationships
- Climate change

OUR OUTCOMES

RETAIL

We supply high-quality fuels, lubricants, food and convenience retail offerings at a network of 2,330 Shell- and Engen-branded service stations. The majority of sites are owned by us, but operated by local dealers, reducing risk and utilising local knowledge.

 More information on pages 26 to 27.



COMMERCIAL

We supply thousands of Commercial customers with fuels and lubricants across the transport, infrastructure, mining, aviation and marine sectors. In addition, we supply LPG to consumers and commercial customers.

 More information on pages 28 to 29.



CUSTOMERS

- Over 750,000 customers served on an average day at our sites.
- Strong market share in Shell-branded countries with an established position in Engen-branded markets.
- Ever increasing food and convenience retail offering.

EMPLOYEES

- Industry-leading safety record.
- Significant investment in training and development.
- Increasing proportion of female employees.

INVESTORS


- Shareholder returns.
- Conservative financial position.

COMMUNITIES AND GOVERNMENTS

- Commitment to minimise environmental impact.
- Investment into communities.
- Significant tax payer, and collector, for host country governments.

In 20 of 23 markets, pump prices are set by governments. Our leading brands and strong customer offering drive our industry-leading average throughput per site.

Diversified mix of businesses across long-term contracts, tender business and spot sales, with a proven proposition to add value to customers beyond supply.

 See pages 62 to 69 for our complete list of principal risks, categorised into brand & reputational; pricing; HSSEQ; operational; strategic; financial; and human resources & talent management risks, managed through our internal control framework.

- Partner reputation and relationships
- Credit management
- Business concentration risk
- Health and safety
- Product availability and supply

- Credit management
- Currency exchange risk
- Health and safety

 More information on pages 42 to 58.

MARKET OVERVIEW

COVID-19 IN AFRICA

Although COVID-19 is a global pandemic, Africa to date has largely been spared the health emergencies seen in Europe and the US.

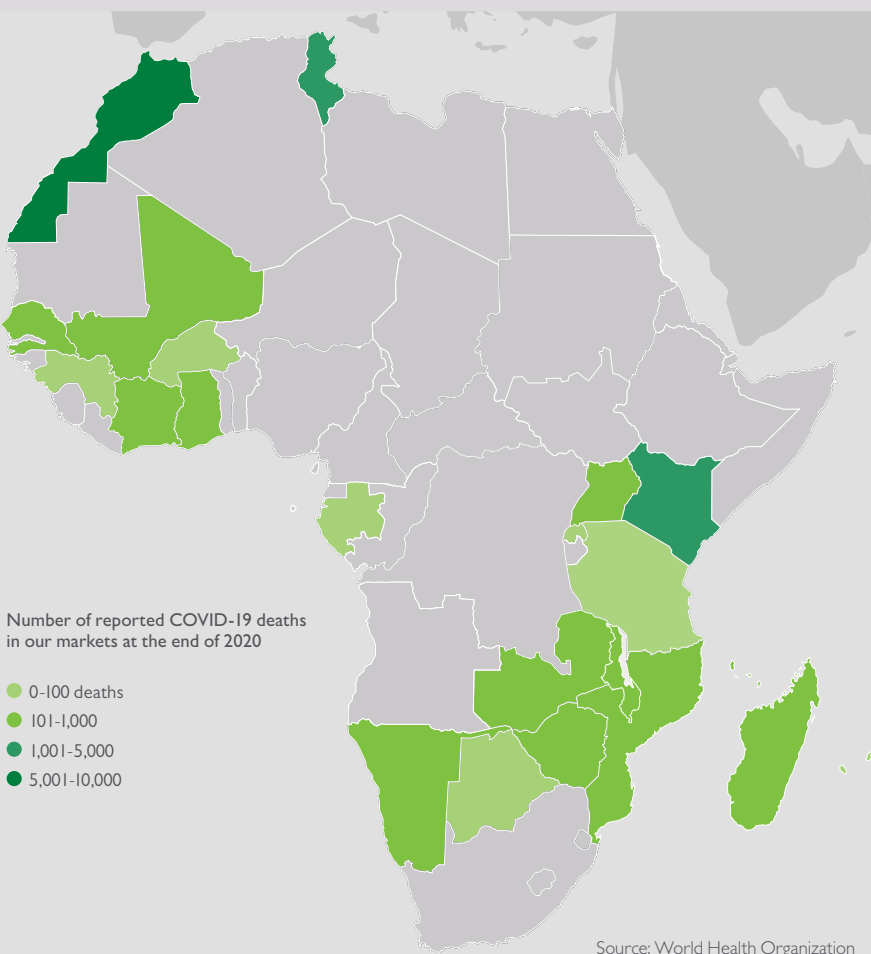
The reasons for this remain unclear, but are likely to include the swift actions by governments and the youth of the population, with just 4% aged over 65, compared to 19% in Europe. At the end of 2020, there had been under one million reported cases and under 17,500 reported deaths across our 23 operating countries, less than 1% of total global deaths.

Governments in Africa have experience of responding to health crises and took early action in March, when cases were low, to protect their populations. These actions included a range of mobility restrictions, with nine markets moving to full lockdowns at a similar time to Europe. The markets in question included Morocco, Tunisia and Uganda, and represented approximately 50% of Group volumes in the previous year. The lockdowns varied in length from a month to nearly three months, and had a significant impact on economic activity in the host countries, as well as on fuel demand. A range of other measures were taken in the other countries where we have operations, including restrictions on travel from urban to rural areas, curfews and the closure of borders and schools. These were designed to limit the spread of the virus, while balancing economic activity.

During the second half of the year the intensity of restrictions was reduced in the majority of countries where we operate, with periodic increases in restrictions following a rise in case numbers. However, borders remained closed in many markets, with the tourism sectors particularly badly impacted in countries such as Morocco and Mauritius.

The COVID-19 situation is dynamic and fluid, and although case numbers have remained below other regions, visibility on the future trend of the virus, and related government actions is low. The South and East regions experienced increases in case numbers in late December and January, attributed to the 'South African variant', but governments have tended to keep their economies largely open, rather than returning to the lockdowns imposed in Q2 2020. Whether this trend continues will be a major determinant of the future impact of the virus.

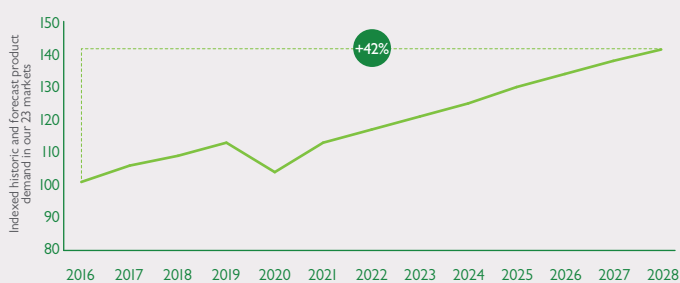
The ability of many African nations to provide a substantial fiscal response is limited, but governments and central banks took action where they could to support their economies, including accessing funding from the IMF and other international organisations. There has also been a concerted effort to ensure that African nations receive access to vaccines in a similar timeframe to developed countries. Through COVAX, African Union initiatives and bi-lateral arrangements, hundreds of millions of doses are expected to be delivered to the continent in 2021.



MACRO TRENDS

The effects of COVID-19 had a number of macro impacts across our markets, but have not fundamentally altered the favourable back-drop provided by the demographics. Mobility restrictions reduced fuel demand in 2020, primarily in HI, but as seen in H2 2020, demand returned rapidly and is forecast to return to strong growth in 2021. This is expected to continue for the medium term.

FUEL DEMAND IN OUR MARKETS IS PREDICTED TO GROW IN THE MEDIUM TERM



INCREASING CAR NUMBERS

There is rapid vehicle growth in Africa, with BMI forecasting the number of cars on the road expected to grow at a CAGR of 4.8% between 2019 – 2024. Vehicle numbers still significantly lag that of Europe and the US, with just 53 cars per 1,000 people, compared to 556 in Europe and 805 in the US.

CARS ON THE ROAD EXPECTED TO GROW BETWEEN 2019 – 2024

4.8%

INFRASTRUCTURE DEVELOPMENT

The African Development bank believes that the continent requires between \$130-170 billion per year of infrastructure investment, which supports the future of our Commercial business.

STRONG GDP REBOUND FORECAST IN 2021

4.5%

INCREASING POPULATION AND EMERGING MIDDLE CLASS

There continues to be rapid population growth across the majority of our markets, with the UN expecting that there will be 1.1 billion more people by 2050. This is driving growth in the middle class, which, according to McKinsey, is expected to expand to 582 million people in 2030, from 376 million in 2013.

GDP GROWTH

While COVID-19 is expected to lead to a 3.1% contraction in GDP in 2020, in our markets (excluding Reunion), a strong rebound of 4.5% is anticipated in 2021. From 2022 to 2025 average annual GDP is expected to grow at 5.2%, according to the IMF.

INDUSTRY TRENDS

DIGITAL

- Growth in e-commerce for food and convenience retail across a number of markets, both related to home delivery as well as click and collect.
- Accelerated growth in cashless and touchless payments, with mobile money continuing to grow.

SUSTAINABILITY

- Increased awareness of sustainability issues among consumers, but limited changes in behaviour.
- Increasing focus from Commercial customers, investors and regulators around climate change issues.

CONVENIENCE

- Significant growth in volume of proximity shopping, with hygiene products in high demand.
- Increased reliance on cars due to social distancing.
- Cleanliness and protective equipment are increasingly important considerations.

COMPETITION

- No major changes to competitive landscape in the Retail business.
- Independent suppliers of products in certain markets were impacted by the dramatic changes in demand coupled with the oil price, which has meant increased opportunities for major players in the resellers segment.



STRATEGIC OBJECTIVES

OUR STRATEGY

Over the years our strategy has enabled us to grow. During 2020 it allowed us to quickly and decisively react to the impact of COVID-19, protecting our people and our business.

5 WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

- 1 To remain a responsible and respected business in the communities in which we operate;
- 2 To preserve our lean organisational structure and performance-driven culture;
- 3 To maximise the value of our existing business;
- 4 To pursue value-accretive growth; and
- 5 To maintain attractive and sustainable returns through disciplined financial management.

1

REMAIN A RESPONSIBLE AND RESPECTED BUSINESS IN THE COMMUNITIES IN WHICH WE OPERATE

Our vision is to become Africa's most respected energy business.

This means being a respected member of the communities in which we operate, doing business the right way, and aiming to operate to the highest HSSEQ and operational standards.

WHAT WE DID DURING THE YEAR

- Implemented a range of preventive health and safety measures to protect against COVID-19.
- Supported our dealer and transporter network to protect local jobs.
- Supported over 130 community/ COVID-19 projects across our operating countries and helped stakeholders mitigate the impact of the pandemic.
- Continued to achieve strong HSSEQ performance, ahead of targets and industry peers.

2

PRESERVE OUR LEAN ORGANISATIONAL STRUCTURE AND PERFORMANCE-DRIVEN CULTURE

Since our formation in 2011, our business has been built on a flat, customer-centric organisation with a lean central management team.

Our 'Focus, Simplify, Perform' operating culture enables fast decision-making, encourages agility, and is fundamental to our competitive position.

Our locally empowered country teams, overseen by an experienced and responsive Senior Executive Team, have also been instrumental in our success.

WHAT WE DID DURING THE YEAR

- Our decentralised model meant that we had the right people on the ground to react quickly to the changing conditions caused by COVID-19.
- Implemented a range of measures to help our people seamlessly adapt to the new ways of working – including working from home and safe reintegration to our offices.
- Our new Enterprise Resource Planning system meant that we had real-time data to inform decision-making, which helped the Senior Executive Team make the right decisions and guide our local teams.



Helping our people seamlessly adapt to the new ways of working – including working from home

3

MAXIMISE THE VALUE OF OUR EXISTING BUSINESS

We've continued to innovate, offering our customers differentiated, recognised and high-quality fuel and Non-fuel retail products and services.

Utilising our multiple trusted and valued brands – including Shell and Engen – has helped improve the customer experience, generate new revenue streams and maximise cross-selling opportunities.

The optimisation and further development of our existing retail network is a key strategic focus.

WHAT WE DID DURING THE YEAR

- During Q2 we saw fewer customers at our service stations and volumes were impacted. However, we rolled out a 'Clean & Safe' sites initiative to protect and reassure customers, after lockdown restrictions were eased.
- Continued to drive our digital roll-out for our customers, with Shell websites now available in all 15 markets and the Engen market website roll-out commencing.
- Used the mobile app and loyalty programme to help personalise relationships, driving loyalty and spend.
- Automated 141 sites to improve service and efficiency and support increased returns and growth – we now have 301 automated sites across the network.
- Added a net total of 78 new Non-fuel retail shops, pharmacies and food outlets at our service stations to provide convenience and 'quick service' to our customers.
- Continued to leverage the power of our premium brands – primarily Shell (as the number one fuel brand in Africa) and Engen (as a leading regional brand) – to capitalise on increasing consumption, and demand for better quality fuels, lubricants and convenience products.

Used the mobile app and loyalty programme to help personalise relationships, driving loyalty and spend



4

PURSUE VALUE-ACCRETIVE GROWTH

We expanded our retail network by building new service stations, acquiring new sites and upgrading existing retail sites to fulfil unrealised potential.

One of our main focuses is to add more non-fuel convenience retail and quick service restaurant offerings through partnerships with well-established global and regional brand partners.

In parallel, we plan to harness the opportunities presented by mining, construction and infrastructure projects in Africa, to contribute to the continued growth of our Commercial and Lubricants businesses.

WHAT WE DID DURING THE YEAR

- Added an additional net total of 104 new service stations across our markets.
- In our Engen-branded markets, we acquired new sites in Zambia and organically grew our network in Tanzania.
- Improved our existing sites: 320 sites were refurbished under the 'Shining Site' programme.
- Developed food joint ventures in Tunisia, Kenya, Uganda, Rwanda and Namibia.
- Secured our first hybrid solar energy solution contract with a Commercial customer.

5

MAINTAIN ATTRACTIVE AND SUSTAINABLE RETURNS THROUGH DISCIPLINED FINANCIAL MANAGEMENT

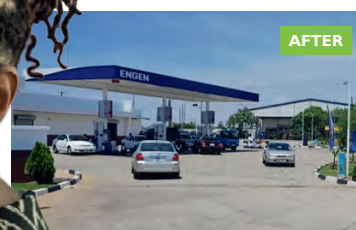
We have a strong financial and operational track record, backed by disciplined capital allocation.

This is underpinned by a robust financial controls framework and comprehensive internal audit process with strict credit and currency exposure management.

WHAT WE DID DURING THE YEAR

- Effectively managed working capital, credit, stocks and cash throughout the lockdown period to protect and manage the business, limiting the many impacts of the pandemic.
- However, our ROACE fell to 12% due to lower profitability and increased capital employed during the year.
- Completed our inaugural bond transaction, raising a total of \$350 million in new long-term debt.
- Enhanced our capital structure to maximise total shareholder returns and to continue to drive sustainable growth.

Non-GAAP measures are explained and reconciled on pages 40 to 41.



4

We completed the acquisition of the Ngucha Retail network, adding eight sites to our Zambia network by year end and a ninth in 2021, increasing volumes and market share. The sites have been rebranded to Engen and upgraded to meet Vivo Energy's rigorous HSSEQ standards.

This accelerated growth is helping to meet customer demand and grow our brand visibility in Zambia.

KEY PERFORMANCE INDICATORS

OUR KPIs

These KPIs show our performance for the past five years, together with a brief explanation of the key drivers. We've chosen to use Financial, Growth and HSSEQ KPIs in order to provide a rounded view of our performance.

LINKED TO STRATEGIC OBJECTIVE:

1 2 3 4 5

Non-GAAP measures are explained and reconciled on pages 40 to 41.

FINANCIAL KPIs

GROSS CASH PROFIT

US\$ MILLION

3 4 5



DEFINITION

Gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. Reference to 'cash' in this measure refers to non-cash depreciation and amortisation as opposed to the elimination of working capital movements.

PERFORMANCE DRIVERS

- Volume and gross cash unit margin performance

ADJUSTED EBITDA

US\$ MILLION

2 3 4 5



DEFINITION

Earnings before interest, tax, depreciation and amortisation adjusted for impact of special items.

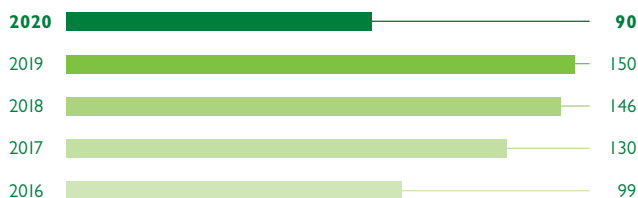
PERFORMANCE DRIVERS

- Volume and gross cash unit margin performance
- Optimised cost structure and cost management
- Share of profit from investments in joint ventures and associates

NET INCOME

US\$ MILLION

2 3 4 5



DEFINITION

Net income in accordance with IFRS/GAAP.

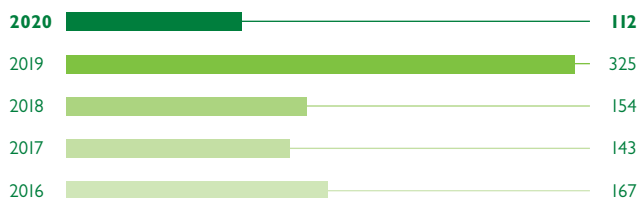
PERFORMANCE DRIVERS

- EBITDA performance
- Effective tax rate management
- Optimised capital and finance structure

ADJUSTED FREE CASH FLOW

US\$ MILLION

3 4 5



DEFINITION

Cash flow from operating activities less net additions to property, plant and equipment (PP&E) and intangible assets and excluding the impact of special items.

PERFORMANCE DRIVERS

- High conversion from EBITDA to free cash flow
- Structurally negative working capital

GROWTH KPIs

VOLUME MILLION LITRES

3 4 5



DEFINITION

Total product volumes sold during the year.

PERFORMANCE DRIVERS

- Macroeconomic drivers impacting demand
- Sales and promotion activities
- Loyalty card system
- New and existing contracts with Commercial customers and cross-selling

GROSS CASH UNIT MARGIN US\$/'000 LITRES

3 4 5



DEFINITION

Gross cash profit per 1,000 litres of sales volume.

PERFORMANCE DRIVERS

- Pricing structure in regulated markets ensures stable margins
- Competitive pricing strategies in deregulated markets
- Foreign currency exposure risk management to ensure US dollar margins are protected
- Optimised supply chain and efficient operations
- Increase penetration of differentiated fuels

TOTAL RETAIL SERVICE STATIONS

3 4 5



DEFINITION

Total number of revenue generating retail service stations.

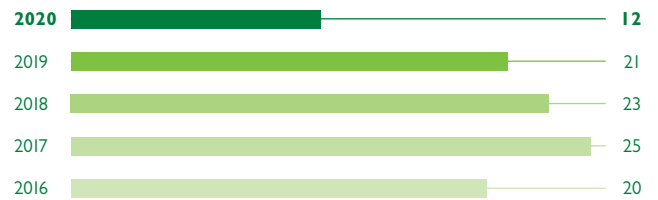
PERFORMANCE DRIVERS

- Self-funding CAPEX through operating cash flow
- Significant white space opportunity
- Securing land leases and strategically located sites

¹ 2019 includes more than 200 retail service stations acquired as part of the Engen acquisition.

ROACE %

2 3 4 5



DEFINITION

Adjusted EBIT after tax, using the actual consolidated ETR, divided by average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents and interest bearing advances.

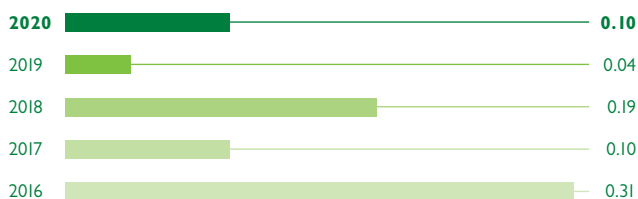
PERFORMANCE DRIVERS

- Disciplined capital allocation with rigorous return requirements
- Incentivise performance: employee compensation linked to ROACE

HSSEQ KPIs

TOTAL RECORDABLE CASE FREQUENCY (TRCF)

1



DEFINITION

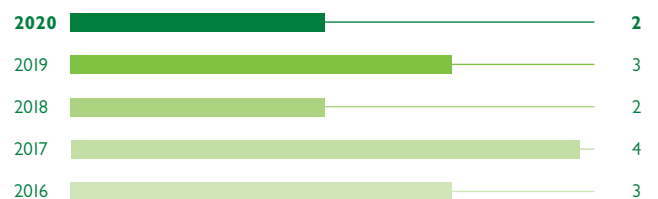
Total Recordable Case Frequency (TRCF) per million exposure hours.

PERFORMANCE DRIVERS

- Using potential incident reporting to prevent incidents from happening
- Five HSSEQ focus areas: road transport safety; contractor safety; process safety; security; and COVID-19

SPILLS

1



DEFINITION

Number of product spills greater than 100kg.

PERFORMANCE DRIVERS

- Ensuring that safe working practices are followed: stringent contractor safety requirements; driver training and monitoring

SEGMENT REVIEW

RETAIL DRIVING THE BUSINESS RECOVERY

With a growing footprint across the African continent, Retail is at the heart of our business and has driven our business recovery during the second half of the year. Our modern, safe and clean sites provide our customers with access to high-quality products, services and increased convenience wherever we operate.

2020 HIGHLIGHTS

- Increased our network by adding a net total of 104 new service stations and adding a net total of 78 Non-fuel retail outlets
- Volumes were down by 8% to 5,456 million litres compared to 5,900 million litres in 2019
- Gross profit (including Non-fuel retail) was down 6% to \$387 million due to the impact of COVID-19
- Gross cash profit (including Non-fuel retail) was down 4% to \$438 million
- Gross cash unit margin (excluding Non-fuel retail) increased by 7% to \$76 per thousand litres, mainly due to supply and pricing environment
- Premium fuel gross cash profit was up 21% year-on-year
- Adjusted EBITDA was down 11% to \$216 million
- Accelerated growth in Engen-branded markets by adding new sites
- Expanded our portfolio with food JV partners to enable a faster roll-out of new quick service restaurants (QSRs)

PERFORMANCE

US\$ million, unless otherwise indicated	2020	2019	+/- %
Volumes (million litres)	5,456	5,900	-8%
Gross profit (including Non-fuel retail)	387	411	-6%
Gross cash unit margin (excluding Non-fuel retail) (\$/'000 litres)	76	71	+7%
Retail fuel gross cash profit	412	421	-2%
Non-fuel retail gross cash profit	26	33	-21%
Adjusted EBITDA	216	242	-11%



We continued to invest in the quality and scope of our Non-fuel retail offerings in 2020



NON-FUEL RETAIL
GROSS CASH PROFIT

\$26M

2020 REVIEW

Our Retail business segment delivered resilient results despite the impact of COVID-19 on our operating environment. The segment made a strong start to the year before COVID-19 related containment measures led to a significant decrease in demand. As mobility restrictions were gradually eased across our host countries, we registered strong improvements in volumes, gross cash profit and adjusted EBITDA in the second half of the year.

RETAIL FUEL

Retail fuel volumes were 8% lower in 2020. Strong trading at the beginning of the year was more than offset by COVID-19 mobility restrictions imposed across our portfolio in late Q1, significantly impacting results in Q2, particularly in April and May. As measures were lifted, there was a strong rebound in demand, due to fuel being a consumer staple, which continued through H2. While we saw a rapid recovery in volumes, with some countries experiencing year-on-year growth in H2, mobility restrictions remained in place across many countries, suppressing demand.

To drive the recovery process, we implemented a range of initiatives to support our sites and attract customers by positioning our retail stations as the safest sites to refuel in the industry, offering auxiliary services and improving convenience. We completed the 'Shining Engen' programme in January 2020 and undertook a 'Shining Shell' programme through the rest of the year, providing enhancements to over 300 sites. We continued to grow our network, opening a net total of 104 sites, despite fluctuations in product demand, which supported volume growth in H2.

In line with our strategy to expand our position in Engen-branded markets, we acquired new sites in Zambia and Rwanda, increasing our networks by 21% and 35% respectively. In Tanzania, a large Engen-branded market, we have organically grown our network from seven sites in March 2019 to 20 sites in December 2020.

Gross cash unit margin was higher than the previous year at \$76 per thousand litres. In H1, unit margins were impacted by the combined impact of the reduction in demand that increased inventory levels and the sharp fall in crude oil prices in March and April, which led to negative inventory effects on the stock on hand. Unit margins improved in H2 as a result of the supply and pricing environment in a number of our markets, together with strong margin performance in premium fuels.

NON-FUEL RETAIL

We continued to develop our Non-fuel retail segment, with a net total of 58 convenience retail shops and pharmacies and 20 food outlets added at our service stations. Our financial performance was impacted by COVID-19 restrictions, but remained robust, with gross cash profit of \$26 million, down 21% in 2020. The mobility restrictions led to lower traffic at our sites, affected store opening hours and, in some cases led to store closures for periods during the year. We noted strong improvement in most markets in H2, however in certain markets, such as Morocco, ongoing restrictions on travel between regions have impacted sales at large motorway sites, which are traditionally large contributors.

Due to the pandemic, we saw an evolution in consumer behaviour. Our QSR takeaway and drive-through offerings became more vital and we adapted our offerings accordingly, including working with delivery partners in a number of our markets. In convenience retail, we have changed product lines to meet increased demand for personal health products, as well as trialling click and collect propositions.

We continued to expand our portfolio of joint ventures with QSR partners to enable the faster roll-out of new restaurants. We completed a joint venture in Namibia for the KFC brand, now the sixth country in which we have exclusive use of the KFC brand, and launched our first joint venture in Tunisia with Pomme de Pain.

LOOKING FORWARD

In 2021, we will continue to focus on expanding and enhancing our network in both the Shell and Engen-branded markets, with particular focus on improving our market position in key Engen-branded markets. We will look to enhance the customer experience at our sites, building on the successful launch of loyalty programmes in key markets, undertaking new fuel launches and providing the best and safest experience for our customers. We will also continue to maximise the value from our existing sites by optimising the Non-fuel retail customer offerings, focusing on like-for-like growth and expanding our growing QSR business through new partnerships with international brands.

PREMIUM FUELS GROSS CASH PROFIT YEAR-ON-YEAR GROWTH

+21%

RETAIL BUSINESS CONTRIBUTION TO GROUP

VOLUME
million litres

5,456



● Retail	57%
● Commercial	42%
● Lubricants	1%

ADJUSTED EBITDA

\$216M



● Retail	60%
● Commercial	26%
● Lubricants	14%

GROSS CASH PROFIT CONTRIBUTION TO RETAIL

\$438M



● Regular fuels	88%
● Non-fuel retail	6%
● Premium fuels	6%

SEGMENT REVIEW CONTINUED

COMMERCIAL

A PROVEN CUSTOMER VALUE PROPOSITION

We ensure reliable supply of high-quality fuels and LPG products to a wide range of customers in the mining, construction, power, road transport, aviation and marine sectors. We provide those products with extensive and trusted services, to ensure we add value beyond the products we sell.

2020 HIGHLIGHTS

- Volumes were down 8% year-on-year mainly due to the impact of COVID-19 travel restrictions on Aviation and Marine sales
- Strong performance in Core Commercial, with volumes up 5% year-on-year
- Gross cash unit margin was down 8% to \$45 per thousand litres
- Gross profit was \$156 million, 19% lower than the previous year
- Adjusted EBITDA of \$92 million was lower by 32% year-on-year

PERFORMANCE

US\$ million, unless otherwise indicated	2020	2019	+/- %
Volumes (million litres)	4,045	4,380	-8%
Gross profit	156	192	-19%
Gross cash unit margin (\$/'000 litres)	45	49	-8%
Gross cash profit	181	214	-15%
Adjusted EBITDA	92	135	-32%



Our tactical approach to the resellers market and robust performance in LPG led to Core Commercial volume growth



AVIATION AND MARINE
GROSS CASH PROFIT
DOWN YEAR-ON-YEAR

-68%

2020 REVIEW

Our Commercial segment volumes were lower by 8% year-on-year, mainly due to the impact of weaker Aviation and Marine volumes arising from travel restrictions imposed as a result of COVID-19. However, volume-performance in Core Commercial was strong. Gross cash unit margins of \$45 per thousand litres was down 8% year-on-year primarily due to the negative inventory effects on the stock on hand in H1 2020. Gross cash profit of \$181 million (2019: \$214 million) was therefore 15% lower than the previous year.

CORE COMMERCIAL

Our Core Commercial business offers a range of services including the supply of bulk fuel to customers in the transportation, mining, construction and power sectors, as well as LPG to both consumers and industry. Core Commercial accounted for 85% (2019: 75%) of total Commercial volumes and 93% (2019: 82%) of overall Commercial gross cash profit. Volumes were 5% higher year-on-year mainly due to two months of additional contribution from the Engen-branded markets, aided by our tactical approach to the resellers market to take advantage of disrupted supply chains, as well as a robust performance in the LPG business due to the use of gas for home cooking. Furthermore, many of our key mining customers continued to operate as they were not significantly impacted by COVID-19. Volumes in H2 2020 compared to the prior period, were negatively impacted by the completion of a large circa 12-month supply contract in September, however underlying trends remained positive.

Gross cash unit margin was down 9% year-on-year due to negative inventory effects and lower margin sales to resellers, export customers and industrial users in the LPG business. This was partially offset by favourable supply margins in some markets. As a result, unit margins were \$49 per thousand litres (2019: \$54 per thousand litres) in Core Commercial.

AVIATION AND MARINE

The contribution from Aviation and Marine fell significantly due to the impact of travel restrictions arising from COVID-19, accounting for just 15% of overall Commercial volumes (2019: 25%) and 7% of total Commercial gross cash profit (2019: 18%). These restrictions resulted in volumes being 46% lower than the previous year and unit margins falling to \$21 per thousand litres (2019: \$35 per thousand litres).

The Aviation business registered the largest drop in volumes, down 55% year-on-year as most airlines were restricted to cargo and repatriation flights across our markets at the peak of the pandemic. We experienced a small improvement in the second half of the year following the partial lifting of travel restrictions and the opening of borders in some countries, although we expect that Aviation volumes will remain subdued for some time. The Marine business also recorded lower volumes as a result of lower cargo and cruise line movements in key markets. Partially offsetting this, we secured profitable Marine spot sales in some markets resulting in a 28% increase in the unit margin.

LOOKING FORWARD

We will look to build on the resilient Core Commercial performance in 2021 whilst remaining flexible in Aviation and Marine to meet changes in future demand. We aim to achieve this by ensuring our customer focus remains unparalleled, aligning our resources to be able to deliver against our customer needs and driving excellent sales effectiveness. In terms of specific businesses, we plan to build on our position as a leading provider to the mining industry in our Shell-branded markets, and become a preferred supplier in our Engen-branded markets, through offering solutions and services that create greater value for customers. Following strong growth in our LPG business, we will look to expand our cylinder distribution in a returns focused manner across relevant markets.

CORE COMMERCIAL VOLUMES YEAR-ON-YEAR GROWTH

+5%



COMMERCIAL BUSINESS CONTRIBUTION TO GROUP

VOLUME
million litres

4,045



● Retail 57%
● Commercial 42%
● Lubricants 1%

ADJUSTED EBITDA

\$92M



● Retail 60%
● Commercial 26%
● Lubricants 14%

GROSS CASH PROFIT CONTRIBUTION TO COMMERCIAL

\$181M



● Core Commercial 93%
● Aviation and Marine 7%

SEGMENT REVIEW CONTINUED

LUBRICANTS

A PROACTIVE, ACCOMMODATING BUSINESS PARTNER

We offer an extensive range of leading-edge lubricants to different sectors, backed by approval from a wide range of equipment manufacturers. We sell lubricants on the forecourt and through distributors while also providing essential value to many Commercial customers via a wide range of specialist products and services.

2020 HIGHLIGHTS

- Volumes were broadly flat year-on-year, despite the drop in demand due to the impact of COVID-19
- Gross cash unit margin was \$570 per thousand litres, up 4% year-on-year, mainly due to favourable base oil prices
- Gross profit was up 3% to \$74 million
- Adjusted EBITDA was down 4% to \$52 million, year-on-year
- We have introduced the sale of Shell-branded lubricants in our Engen-branded markets

PERFORMANCE

US\$ million, unless otherwise indicated	2020	2019	+/- %
Volumes (million litres)	136	137	-1%
Gross profit	74	72	+3%
Revenues	366	375	-2%
Gross cash unit margin (\$/000 litres)	570	547	+4%
Gross cash profit	78	75	+4%
Adjusted EBITDA	52	54	-4%



Active engagement with distributors delivered robust performance in Retail lubricants



LUBRICANTS YEAR-ON-YEAR GROSS CASH UNIT MARGIN GROWTH

+4%

2020 REVIEW

The performance of our Lubricants segment remained solid despite the drop in demand arising from COVID-19, which significantly impacted the performance of our Retail business in key markets. The gradual easing of mobility restrictions generated significant improvement in the second half of the year, with volumes remaining broadly flat year-on-year due to two months of additional contribution from Engen-branded entities and marketing initiatives implemented to aid the recovery process. Unit margins were up 4% year-on-year at \$570 per thousand litres (2019: \$547 per thousand litres) due to favourable base oil prices.

Gross cash profit of \$78 million was therefore 4% up year-on-year due to good unit margins and volumes.

RETAIL LUBRICANTS

We sell Retail lubricants on the forecourt in our service stations to Retail customers and also through distributors to other consumers (B2C). Retail lubricants accounted for 62% of total segment volume (2019: 61%) and 63% of segment gross cash profit (2019: 60%).

Volumes sold were flat year-on-year despite the significant impact of lower traffic at our retail sites arising from COVID-19 containment measures. Following the easing of COVID-19 measures, the strong H2 2020 performance was driven by a range of sales promotions, active selling on our forecourts and engagement with our distributors.

This demonstrates the strong underlying demand for lubricants in our markets due to the age of the car parc and the strength of our Lubricants brand.

Unit margins were higher year-on-year at \$577 per thousand litres (2019: \$542 per thousand litres) due to improved sales of our premium lubricants in the second half of the year and favourable base oil prices.

COMMERCIAL LUBRICANTS

We sell Commercial lubricants to customers across our operating units and also to export customers in other countries. Commercial volumes accounted for 38% of total Lubricants volume (2019: 39%) and 37% of gross cash profit (2019: 40%).

Volumes were down 4% to 52 million litres year-on-year mainly due to lower sales in several export markets. There were also lower sales volumes in the first half of the year in the construction and power sectors, which were impacted by lockdown restrictions. Significant improvements were, however, registered during the second half of the year as COVID-19 restrictions were gradually lifted.

Unit margins increased by 2% year-on-year to \$569 per thousand litres (2019: \$556 per thousand litres) due to the favourable product mix and lower base oil prices, partially offset by unfavourable exchange rate movements.

LOOKING FORWARD

We took a number of actions within our Lubricants business in order to return to growth in 2021. A key focus will be ensuring we take the lead in the consumer segment by providing innovative products and services as well as developing closer consumer relationships. On the B2B side, we will look to differentiate our value-led offering and provide solutions to our customers as well as expanding our footprint in our export countries. In addition, we will aim to drive growth across the Engen-branded markets, by leveraging our existing capabilities, marketing Shell-branded lubricants to Commercial customers and ensuring we have strong end-to-end supply across all of our operating units.

LUBRICANTS GROSS CASH PROFIT YEAR-ON-YEAR GROWTH

+4%



LUBRICANTS BUSINESS CONTRIBUTION TO GROUP

VOLUME
million litres

136



● Retail 57%
● Commercial 42%
● Lubricants 1%

ADJUSTED
EBITDA

\$52M



● Retail 60%
● Commercial 26%
● Lubricants 14%

GROSS CASH PROFIT
CONTRIBUTION TO LUBRICANTS

\$78M



● Retail lubricants 63%
● Commercial lubricants 37%

DRIVING RECOVERY IN A PANDEMIC YEAR

CHIEF FINANCIAL OFFICER'S STATEMENT

JOHAN DEPRAETERE



We started the year in a strong financial position, with a conservative balance sheet providing us with a good foundation to respond to the challenges presented by COVID-19. Our investment in upgrading our Enterprise Resource Planning (SAP S/4HANA) software delivered immediate payback, as we were able to provide the business with real-time information on sales, working capital and credit. This provided visibility for both local and central teams and enabled them to respond to a rapidly evolving operating environment. As a result, we were able to successfully manage through the crisis, limiting any long-term impact to our business. While we have seen a good recovery in performance in the second half of the year, we continue to monitor the key indicators in each of our markets closely and will react quickly to any change in our operations.

We maintained a strong balance sheet through the period, increasing our utilisation of short-term local debt facilities during the peak of the restrictions. As working capital unwound due to the improving volumes, we returned to more normalised levels of facility utilisation, with our banks remaining very supportive. As a result, we maintained a conservative leverage ratio of 0.86x at year-end.

Despite the pandemic, we continued to invest in our markets, with capital expenditure of \$168 million, predominantly into growth projects. We have also enhanced our new ERP system by adding further functionality and have made good progress on the implementation of the system in the Engen-branded markets, which are scheduled to go live in H1 2021. We believe this increasing use of technology will help to drive business performance over time.

As announced in July 2020, in Morocco the Conseil de la Concurrence's review of the country's fuel retailing industry is now subject to an independent review set up by the Royal Cabinet. There have been no updates on the review's progress since July. We believe that Vivo Energy Morocco has at all times conducted its operations in accordance with applicable competition laws, rules and regulations.

In September 2020, the Group successfully completed its debut notes offering, raising \$350 million to mainly refinance its existing amortising loan facility. The notes, which have a seven-year maturity and a coupon of 5.125%, significantly lengthens our debt maturities, provides additional balance sheet flexibility and further enhances our presence in the capital markets.

We continue to allocate capital effectively. Our business model drives a lean cost base and we look to optimise our working capital in order to drive strong free cash flow. As a result, our balance sheet remains healthy with a low leverage that provides flexibility for us.

FINANCIAL HIGHLIGHTS

- Volumes were down 7% year-on-year, as COVID-19 related restrictions led to reduced demand.
- Gross cash profit was \$697 million, 6% lower year-on-year due to the impact of COVID-19 on volumes.
- Total gross cash unit margin was higher year-on-year at \$72 per thousand litres (2019: \$71 per thousand litres), benefiting from the mix effect as well as the supply and pricing environment during the second half of the year.
- Adjusted EBITDA down 16% to \$360 million, mainly due to lower volumes and a negative operating leverage.
- Net income was \$90 million, down 40% year-on-year.
- Adjusted diluted EPS of 6 cents per share for the 2020 year (2019: 12 cents per share).
- Adjusted free cash flow down \$213 million to \$112 million from \$325 million.
- Paid an interim dividend of 2.7 cents per share, in place of the previously withdrawn final dividend of 2019, and proposed a final dividend of 3.8 cents per share, bringing the total dividends paid during the year to 6.5 cents per share.

CONSOLIDATED RESULTS OF OPERATIONS

SUMMARY INCOME STATEMENT

US\$ million	2020	2019	Change
Revenues	6,918	8,302	-17%
Cost of sales	(6,301)	(7,627)	-17%
Gross profit	617	675	-9%
Selling and marketing cost	(226)	(224)	+1%
General and administrative cost	(176)	(165)	+7%
Share of profit of joint ventures and associates	16	22	-27%
Other income/(expense)	4	2	+100%
EBIT	235	310	-24%
Finance expense – net	(60)	(64)	-6%
EBT	175	246	-29%
Income taxes	(85)	(96)	-11%
Net income	90	150	-40%

Earnings per share (US\$)	2020	2019	Change
Basic	0.06	0.11	-45%
Diluted	0.06	0.11	-45%

NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2020	2019	Change
Volumes (million litres)	9,637	10,417	-7%
Gross cash profit	697	743	-6%
EBITDA	360	416	-13%
Adjusted EBITDA	360	431	-16%
ETR (%)	49%	39%	n/a
Adjusted net income	90	162	-44%
Adjusted diluted EPS (US\$)	0.06	0.12	-50%

Non-GAAP measures are explained and reconciled on pages 40 and 41.



We overcame numerous challenges arising from COVID-19 to deliver robust results.'

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

FINANCIAL REVIEW CONTINUED

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

VOLUMES

After a strong start to the year, with double digit volume growth in January and February, volumes sold were 7% lower year-on-year due to severe mobility restrictions imposed in the first half of the year to contain the spread of the COVID-19 pandemic. The Aviation, Marine and Retail businesses were significantly impacted by these restrictions, while Commercial fuel and LPG remained robust. The Group made significant recovery in the second half of the year as the containment measures were gradually eased. Aviation sales however remained subdued due to continuing restrictions on international travel.

REVENUE

Revenue was 17% down year-on-year at \$6,918 million (2019: \$8,302 million), reflecting the significant decline in crude oil prices and contraction in demand due to the COVID-19 related mobility restrictions.

COST OF SALES

Cost of sales were lower by \$1,326 million, or 17%, to \$6,301 million in 2020. The decrease is mainly due to lower purchases in line with sales volumes and lower cost of inventory due to the significant decrease in crude oil prices during the year.

GROSS PROFIT

Gross profit was \$617 million, down 9% year-on-year mainly due to lower volumes, reflecting the effect of lower demand for oil products due to COVID-19.

GROSS CASH PROFIT

Gross cash profit was down 6% year-on-year to \$697 million, mostly due to lower volumes, partially offset by higher gross cash unit margin. The Group started the year strongly, with over 20% growth in gross cash profit during the first two months of the year, before COVID-19 related restrictions caused an unprecedented drop in demand. The Group also took deliberate action at the peak of the pandemic to reduce inventory levels by making targeted sales of excess stock at lower margins. As restrictions were gradually eased across our markets, the Group saw a strong rebound in the second half of the year, with gross cash profit recovering well and unit margins benefiting from product mix and positive pricing. Accounting for hyperinflation however had a negative impact of circa \$2 million (2019: +\$3 million) on the gross cash profit.

SELLING AND MARKETING COST

Selling and marketing cost remained broadly in line with 2019 and was mainly impacted by an additional two months' cost contribution from Engen-branded markets and a first full year of amortisation relating to our newly implemented ERP system. This was partially offset by lower spend on marketing campaigns, a decrease in non-essential spend during the pandemic and favourable foreign currency exchange effects.

GENERAL AND ADMINISTRATIVE COST

General and administrative cost, including special items, increased by \$11 million to \$176 million in 2020 (2019: \$165 million). This was mainly due to two months' additional cost from Engen-branded markets, COVID-19 pandemic related donations provided to communities where Vivo Energy operates and higher depreciation and amortisation expense. The higher cost was partially offset by a positive foreign currency exchange effect.

SHARE OF PROFIT FROM JOINT VENTURES AND ASSOCIATES

Share of profit from joint ventures and associates decreased by \$6 million to \$16 million mainly due to the impact of COVID-19 on SVL, our joint ventures in Morocco and our investments in QSR joint ventures that were negatively affected by temporary restaurant closures during lockdowns. In a number of markets, our QSRs were open and operating delivery and takeaway services in the second half of the year.

OTHER INCOME

Other income of \$4 million (2019: \$2 million) mainly related to gains on disposal of PP&E.

ADJUSTED EBITDA

Adjusted EBITDA was \$360 million, down 16% year-on-year. The decrease is mostly attributable to lower volumes linked to the impact of the COVID-19 pandemic, higher general and administrative cost and a lower share of profit from our joint ventures and associates.

NET FINANCE EXPENSE

Net finance expense decreased by \$4 million to \$60 million, mainly due to foreign exchange gains and a lower impact resulting from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. This was partially offset by higher interest expenses arising from increased use of short-term bank facilities at the peak of the COVID-19 pandemic and an additional two months of contribution from the Engen-branded markets.

INCOME TAXES

The ETR increased to 49% from 39% compared to the comparative period of 2019. The increase in the ETR is primarily due to the lower earnings before tax of \$175 million (2019: \$246 million) giving a higher relative impact of the permanent items and withholding tax on upstreamed dividends and central fees which are not linked to the current year earnings before tax level.

NET INCOME

Net income, including the impact of special items, was \$90 million, down 40% from \$150 million in 2019. Minority interest was \$10 million for the year (2019: \$14 million).

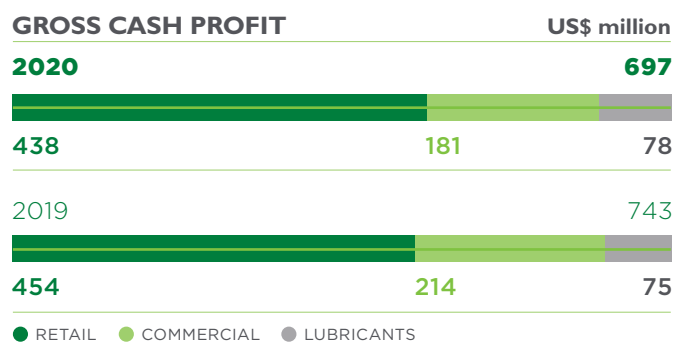
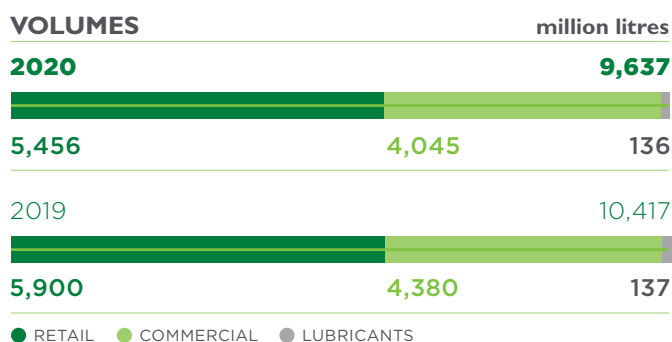
EARNINGS PER SHARE

Basic earnings per share amounted to 6 cents per share (2019: 11 cents per share). Adjusted diluted earnings per share, excluding the impact of special items, were 6 cents per share (2019: 12 cents per share).

OVERVIEW OF OPERATIONS BY SEGMENT

US\$ million, unless otherwise indicated

	2020	2019	Change
Volumes (million litres)			
Retail	5,456	5,900	-8%
Commercial	4,045	4,380	-8%
Lubricants	136	137	-1%
Total	9,637	10,417	-7%
Gross profit			
Retail (including Non-fuel retail)	387	411	-6%
Commercial	156	192	-19%
Lubricants	74	72	+3%
Total	617	675	-9%
Gross cash unit margin (\$/'000 litres)			
Retail fuel (excluding Non-fuel retail)	76	71	+7%
Commercial	45	49	-8%
Lubricants	570	547	+4%
Total	72	71	+1%
Gross cash profit			
Retail (including Non-fuel retail)	438	454	-4%
Commercial	181	214	-15%
Lubricants	78	75	+4%
Total	697	743	-6%
Adjusted EBITDA			
Retail	216	242	-11%
Commercial	92	135	-32%
Lubricants	52	54	-4%
Total	360	431	-16%







FINANCIAL REVIEW CONTINUED

CONSOLIDATED FINANCIAL POSITION

FINANCIAL POSITION PERFORMANCE

The consolidated statement of financial position can be found on page 129. The analysis of significant movements in assets, liabilities and equity during the year is detailed below.

TOTAL ASSETS		US\$ million	TOTAL EQUITY AND LIABILITIES		US\$ million
31 DEC 2020		3,268	31 DEC 2020		3,268
					
1,718		1,550	1,684		1,584
31 DEC 2019		3,356	31 DEC 2019		3,356
					
1,605		1,751	1,530		1,826

● NON-CURRENT ASSETS ● CURRENT ASSETS ● NON-CURRENT LIABILITIES & EQUITY ● CURRENT LIABILITIES

ASSETS

Trade receivables decreased by \$107 million from \$451 million in 2019 to \$344 million in 2020. The decrease was largely due to the impact of lower sales volumes, as a result of lower demand and declining crude oil prices. Average monthly DSO¹ for the period was 16 days (2019: 17 days).

Other assets decreased by \$50 million from \$367 million in 2019 to \$317 million, mainly due to a decrease in other government benefits receivable and prepayments, partially offset by loans to joint ventures.

Inventories decreased by \$37 million from \$517 million in 2019 to \$480 million in 2020, mainly attributable to the decline in crude oil prices resulting in a lower stock value compared to 2019. Average inventory days for the period was 29 days (2019: 24 days), higher than 2019 as a result of lower market demand during the period.

Property, plant and equipment increased by \$66 million from \$823 million in 2019 to \$889 million in 2020. Capital expenditure was the key driver for the increase, partially offset by depreciation for the period.

The increase in right-of-use assets of \$25 million from \$176 million in 2019 to \$201 million in 2020 related to new leases, of which the majority were retail service stations, partially offset by depreciation for the period.

Investments in joint ventures and associates increased by \$4 million, from \$227 million in 2019 to \$231 million in 2020, resulting from \$16 million in share of profits and \$14 million related to newly acquired joint ventures during the period. These new joint ventures are Kuku Foods with operations in Kenya, Uganda and Rwanda and Synergy Foods operating in Namibia. This increase was partially offset by a dividend received of \$24 million.

Deferred tax assets increased by \$12 million from \$34 million in 2019 to \$46 million in 2020 mainly due to the increase in leases and tax losses for the period.

EQUITY

Total equity increased by \$8 million, from \$804 million in 2019 to \$812 million in 2020. The increase was primarily due to total comprehensive income for the year of \$47 million, partially offset by dividends.

LIABILITIES

Trade payables decreased by \$209 million from \$1,257 million in 2019 to \$1,048 million in 2020. The decrease was driven by lower purchases and costs, resulting from a global reduction in demand for fuel and declining crude oil prices. Average monthly DPO¹ for the period was 54 days (2019: 55 days).

Borrowings increased by \$82 million from \$600 million in 2019 to \$682 million in 2020. The increase is mainly attributable to the proceeds from notes issued of \$350 million, during September 2020, and increased short-term borrowing facilities to fund working capital requirements due to the impact of COVID-19 earlier in the year. The increase was partially offset by repayment of the Group's long and short-term loan obligations.

The increase in lease liabilities of \$18 million from \$125 million in 2019 to \$143 million in 2020 related to new leases, in line with the increase in right-of-use assets, partially offset by the repayment of lease instalments for the period.

DIVIDENDS

The Board has adopted a progressive dividend policy while maintaining an appropriate level of dividend cover and sufficient financial flexibility in the Group.

As part of the Group's response to the impact of the pandemic, the Board prudently withdrew its recommendation to pay a final dividend for 2019 in order to protect its balance sheet. It also opted not to declare an interim dividend in respect of H1 2020 performance at the time. However, due to the rapid actions taken by the Group to protect our business, the resilience of our business model and the performance of the business in the second half of the year, our balance sheet remained strong. As a result, and in recognition of the importance of dividends to shareholders, the Board paid an interim dividend in December 2020, in place of the withdrawn 2019 final dividend. The recommended 2020 final dividend of 3.8 cents per share represents performance during the full 12 months of 2020 and should be seen as the base for future dividend rather than the 2020 total dividends paid of 6.5 cents per share.

In March 2021, the Board decided to increase the minimum payout ratio from 30% to 50% of attributable net income to reflect the Group's cash flows, strong balance sheet and continuing growth ambitions. The dividend remains progressive and the intent is for future dividends to grow in line with earnings. The Group declares its dividends in US dollars.

¹ Days sales outstanding (DSO) and days purchases outstanding (DPO) are based on monthly averages and on trade elements only.

LIQUIDITY AND CAPITAL RESOURCES

ADJUSTED FREE CASH FLOW

In addition to the commentary on the Group's consolidated statement of cash flows below, further disclosures in relation to the Group's processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risk can be found in note 3 of the consolidated financial statements.

US\$ million	2020	2019
Net income	90	150
Adjustment for non-cash items and other	214	202
Current income tax paid	(89)	(83)
Net change in operating assets and liabilities and other adjustments ¹	48	176
Cash flow from operating activities	263	445
Net additions of PP&E and intangible assets ²	(163)	(147)
Free cash flow	100	298
Special items ³	12	27
Adjusted free cash flow	112	325

1 Net change in operating assets and liabilities and other adjustments includes finance expense.

2 Excluding cash flow from acquisition of businesses and other investing activities.

3 Cash impact of special items. Special items are explained and reconciled on pages 40 and 41.

Adjusted free cash flow decreased by \$213 million, from \$325 million in 2019 to \$112 million in 2020. The decrease was mainly due to lower cash inflows from operating activities, which were negatively affected by a decrease in the net change in operating assets and liabilities and other adjustments of \$128 million and a decrease in net income of \$60 million. In the prior year net changes in operating assets and liabilities and other adjustments benefitted from the timing of prepayments in relation to the fuel importation contracts in Kenya and the timing of payments to suppliers. During 2020, the Group had fewer importation contracts further contributing to the year-on-year decrease. The fluctuations in working capital are resulting from the impact of declining crude oil prices and market demand experienced during the year, and are the main drivers for the decrease in net change in operating assets and liabilities and other adjustments. Income tax paid amounted to \$89 million for the year ended 31 December 2020 (2019: \$83 million). Cash inflow from operating activities fully funded net capital expenditure of \$163 million in 2020 (2019: \$147 million).

FINANCIAL REVIEW CONTINUED

LIQUIDITY AND CAPITAL RESOURCES CONTINUED

CAPITAL EXPENDITURES

US\$ million	2020	2019
Maintenance	55	46
Growth	101	88
Special projects	12	15
Total	168	149
US\$ million	2020	2019
Retail	100	78
Commercial	29	27
Lubricants	3	2
Other (technology, supply and distribution and general corporate costs)	36	42
Total	168	149
Of which growth capital expenditure was:	101	88
Retail	74	61
Commercial	23	21
Lubricants	2	2
Other (technology, supply and distribution and general corporate costs)	2	4

Due to the impact of COVID-19 on the business, we strategically slowed down non-essential capital expenditure during the first half of the year. As a result of the rapid actions taken by the Group to protect the business and the resilience of our business model, investment into Growth accelerated in the second half of the year to take advantage of the opportunities in some of our markets. The majority of Growth expenditure was attributable to Retail projects which included the expansion of our retail network and Non-fuel retail offerings as well as acquisition of dealer networks in some of our markets. The 'Shining sites' project was established in 2019 to enhance our Retail network and ensure compliance with our stringent standards. During 2020, 320 retail sites were 'shined'.

Special projects relate to investments in the Group's new ERP system and projects to utilise its full potential for the business. In 2019, the Group implemented SAP S/4HANA in 15 countries and during 2020 we expanded this to a number of our joint venture and Group companies. The implementation process will continue in 2021 within the eight Engen-branded countries and is expected to be fully completed by the end of the year.

ROACE decreased from 21% in 2019 to 12% in 2020. The decrease is mainly due to lower earnings and an increase in capital employed compared to prior year.

NET DEBT AND AVAILABLE LIQUIDITY

US\$ million	31 December 2020	31 December 2019
Long-term debt	408	371
Lease liabilities	143	125
Total debt excluding short-term bank borrowings	551	496
Short-term bank borrowings ¹	274	229
Less cash and cash equivalents	(515)	(517)
Net debt	310	208

¹ Short-term bank borrowings exclude the current portion of the long-term debt.

US\$ million	31 December 2020	31 December 2019
Net debt	310	208
Adjusted EBITDA ¹	360	431
Leverage ratio¹	0.86x	0.48x

¹ For the description and reconciliation of non-GAAP measures refer to pages 40 and 41.

US\$ million	31 December 2020	31 December 2019
Cash and cash equivalents	515	517
Available undrawn credit facilities	1,563	1,410
Available short-term capital resources	2,078	1,927

Long-term debt includes a revolving credit facility and \$350 million in notes with a coupon rate of 5.125% paid semi-annually that were issued in September 2020. The notes mature in seven years and are fully redeemable at maturity. Short-term bank borrowings include the individual operating entities' uncommitted unsecured short-term bank facilities consisting of a large number of uncommitted facilities (ranging from \$1 million to \$391 million). These facilities, which carry interest rates between 1.5% and 18.0% per annum, are extended by multiple local banks to operating units and are typically for a period of 12 months, automatically renewable. The Group's debt covenants are disclosed on page 162.

Net debt increased by \$102 million from \$208 million at 31 December 2019 to \$310 million at 31 December 2020. The increase in net debt was mainly due to an increase in the Group's short-term bank borrowings and long-term debt. Short-term bank borrowings increased as a result of increased facility utilisation to fund working capital requirements due to the impact of COVID-19 earlier in the year. The increase in long-term debt was mainly attributable to the notes issuance and new leases for the period, partially offset by settlement of the term loan.

Despite the difficult year, the Group maintained a healthy balance sheet with a leverage ratio of 0.86x in 2020. This increase is mainly attributable to a higher net debt and a lower adjusted EBITDA in the current year.

The available undrawn credit facilities of \$1,563 million comprise the remaining balance of \$240 million of the undrawn committed multi-currency revolving credit facility and \$1,323 million of undrawn, unsecured and uncommitted short-term bank facilities extended to our operating entities for working capital purposes.

The table below sets the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

US\$ million	31 December 2020					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings ¹	266	2	6	60	350	684
Trade payables	1,040	8	–	–	–	1,048
Lease liabilities	7	28	29	59	94	217
Other liabilities ²	13	22	17	2	161	215
Total	1,326	60	52	121	605	2,164

¹ Borrowings exclude the undrawn multi-currency revolving credit facility of \$240 million.

² Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

The Group has purchase obligations, for capital and operational expenditure, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

US\$ million	31 December 2020	31 December 2019
Purchase obligations	22	13
Total	22	13

FINANCIAL REVIEW CONTINUED

NON-GAAP FINANCIAL MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in our industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The exclusion of certain items from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures provides users with an enhanced understanding of results and related trends and increases the transparency and clarity of the core results of our operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and key management performance measures.

Term	Description
Gross cash profit	This is a measure of gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. Reference to 'cash' in this measure refers to non-cash depreciation and amortisation as opposed to the elimination of working capital movements. Gross cash profit is a key management performance measure.
EBITDA	Earnings before finance expense, finance income, income tax, depreciation and amortisation. This measure provides the Group's operating profitability and results before non-cash charges and is a key management performance measure.
Adjusted net income	Net income adjusted for the impact of special items.
Special items	Income or charges that are not considered to represent the underlying operational performance and, based on their significance in size or nature, are presented separately to provide further understanding of the financial and operational performance.
Net debt	Total borrowings and lease liabilities less cash and cash equivalents.
Adjusted EBIT	Earnings before finance expense, finance income and income taxes adjusted for special items. The Group views adjusted EBIT as a useful measure because it shows the Group's profitability and the ability to generate profits by excluding the impact of tax and the capital structure, as well as excluding income or charges that are not considered to represent the underlying operational performance.
Gross cash unit margin	Gross cash profit per unit. Unit is defined as 1,000 litres of sales volume. This is a useful measure as it indicates the incremental profit for each additional unit sold.
Adjusted EBITDA	EBITDA adjusted for the impact of special items. This is a useful measure as it provides the Group's operating profitability and results, before non-cash charges and is an indicator of the core operations, exclusive of special items.
Adjusted diluted EPS	Diluted EPS adjusted for the impact of special items.
Adjusted free cash flow	Cash flow from operating activities less net additions to PP&E and intangible assets and excluding the impact of special items. This is a key operational liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.
Leverage ratio	Net debt, including lease liability, divided by last 12 months adjusted EBITDA.
Return on average capital employed (ROACE)	Adjusted EBIT after income tax, using the actual consolidated ETR, divided by the average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents and interest bearing advances. ROACE is a useful measure because it shows the profitability of the Group considering the average amount of capital used.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

US\$ million	2020	2019
Gross profit	617	675
Add back: depreciation and amortisation in cost of sales	80	68
Gross cash profit	697	743
Volume (million litres)	9,637	10,417
Gross cash unit margin (\$/000 litres)	72	71
US\$ million	2020	2019
EBT	175	246
Finance expense – net	60	64
EBIT	235	310
Depreciation, amortisation and impairment	125	106
EBITDA	360	416
Adjustments to EBITDA related to special items:		
Hyperinflation ¹	2	–
IPO ² and Engen acquisition related expenses ³	1	11
Write-off of non-current asset ⁴	–	3
Restructuring ⁵	–	3
Management Equity Plan ⁶	(3)	(2)
Adjusted EBITDA	360	431
US\$ million	2020	2019
Net income	90	150
Adjustments to net income related to special items:		
Hyperinflation ¹	2	–
IPO ² and Engen acquisition related expenses ³	1	11
Write-off of non-current asset ⁴	–	3
Restructuring ⁵	–	3
Management Equity Plan ⁶	(3)	(2)
Tax on special items	–	(3)
Adjusted net income	90	162
US\$	2020	2019
Diluted earnings per share	0.06	0.11
Impact of special items	–	0.01
Adjusted diluted earnings per share	0.06	0.12
US\$ million, unless otherwise indicated	2020	2019
EBIT	235	310
Adjustments to EBIT related to special items:		
Hyperinflation ¹	2	–
IPO ² and Engen acquisition related expenses ³	1	11
Write-off of non-current asset ⁴	–	3
Restructuring ⁵	–	3
Management Equity Plan ⁶	(3)	(2)
Adjusted EBIT	235	325
ETR (%) ⁷	49%	39%
Adjusted EBIT after tax	120	198
Average capital employed	1,021	956
ROACE	12%	21%

Reconciliation of net debt and leverage ratio is included on page 39. The reconciliation of adjusted free cash flow is included on page 37.

- The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.
- IPO related items in 2020 and 2019 concern the IPO share awards which are accrued for over the vesting period.
- On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses are treated as special items.
- The Group recognised a write-off in 2019 related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance and are, therefore, treated as special items.
- Restructuring costs were incurred in 2019 mainly as a result of the integration of VEOHL into our business model. The impact from these activities do not form part of the core operational business activities and performance and were, therefore, treated as a special item in 2019.
- The Management Equity Plan vested at IPO in May 2018 and is exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.
- Represents the actual consolidated ETR without the impact of special items on the ETR.

RESOURCES AND RELATIONSHIPS

ENGAGING WITH OUR STAKEHOLDERS

We listen to and collaborate with a wide range of stakeholders to grow our business and deliver value.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. It helps us gain a better understanding of the impact of our decisions on stakeholder interests as well as insight into their needs and concerns.

Details of how we've engaged with, and taken into consideration, the interests of those stakeholders who are material to the long-term success of the business can be found on the following pages.

Not all information is reported directly to the Board. However, the output of engagement with stakeholders informs Group decisions, and relevant feedback is reported to the Board and/or its Committees.

6

WE HAVE SIX KEY STAKEHOLDER GROUPS:



More information on pages 42 to 58.



OUR PEOPLE

We want our people to be fulfilled and focused on doing business the right way.



CUSTOMERS

We want to understand and engage with our customers and continue to innovate and develop our range of products and services to meet their needs.



PARTNERS

We want to work closely with all our partners, always focused on doing business the right way, as we strive to achieve our vision of becoming Africa's most respected energy business.



HOW DID WE ENGAGE?

As COVID-19 impacted our markets, we acted quickly and decisively, implementing a range of preventive and protective health and safety measures for employees.

We provided guidelines and tools for remote working, and created a series of virtual training and e-learning programmes to upskill employees.

We created a repository of key information regarding COVID-19 on a dedicated page on our intranet.

We established an Employee Engagement Committee.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- As employees switched to working from home, we maintained regular employee engagement as a key priority.
- In addition to daily leadership team meetings, we scheduled regular sessions with employees to provide updates and acknowledge their contributions.
- We supported employees through Group and individual sessions with company health advisers.

WHAT WERE THE RESULTS?

- An employee survey found that our people were proud of how we had managed the response to the pandemic, and that they had been kept informed on the impact of COVID-19 on the business. Employees also told us that they felt safe and protected, as well as supported by their line managers.
- Representatives for the Employee Engagement Committee were identified and appointed, and the first two committee meetings have taken place.
- Employees remained engaged, focused and continuously updated on relevant developments.

HOW DID WE ENGAGE?

We continued to engage with our Retail customers through our *Voice of Customer* online feedback programme and *Treated like a guest* assessment programme.

We also expanded the number of countries with consumer-facing websites, social media platforms and loyalty programmes to better engage and interact with our Retail customers.

In the Commercial segment, we conducted a survey for key customers to assess our response to COVID-19 and ways to improve customer service.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- A key concern was how to ensure continued provision of products and services while protecting the health and safety of our customers.
- At our service stations, we launched a 'Clean & Safe' sites initiative, providing hand washing stations, limiting the number of customers at any one time, and running stringent cleaning regimes.
- In some of our markets we have introduced an LPG home delivery service and are rolling out a lubricants oil change at home programme.
- We worked closely with one of our mining customers to develop a hybrid solar/fuel energy solution to meet its requirements.

WHAT WERE THE RESULTS?

- Our engagement activity showed that customers were extremely satisfied with our response to COVID-19.
- In the Retail segment, 84% of customers were extremely satisfied with our *Treated like a guest* assessment. 82% were extremely satisfied with our response to COVID-19.
- In the Commercial segment, customers said that it remained 'easy to connect' with the Company and gave us a high rating on the support we provided during COVID-19.
- We continue to work directly with our Commercial customers to address their key requirements in a bespoke way.

HOW DID WE ENGAGE?

Our strong relationships with Shell and Engen continue to help us to market and launch new products, maximising the benefit of the relationships for all stakeholders.

Local dealers operate approximately 94% of our Retail network. During the lockdowns we continued to engage closely with our dealers, through ongoing dealer workshops and visits by Vivo Energy's Territory Managers, to ensure that they were kept informed on our actions and that their businesses were protected.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- We supported and protected our stakeholders through the pandemic, and worked closely with our dealer network and our transporters to keep our service stations open and protect the jobs of the front line staff employed by them while volumes were low.
- We ensured that front line staff at our service stations had appropriate personal protective equipment (PPE) supplies to keep them safe.

WHAT WERE THE RESULTS?

- As a result of our actions and support for our partners, including dealers and road transport contractors, these businesses – like our own business – remained protected during the lockdown period.
- There is no alternative to road transport in our markets and as mobility restrictions were lifted, our customers started moving again, which drove demand for our products.

RESOURCES AND RELATIONSHIPS CONTINUED



COMMUNITIES

We want to be a positive force and make a real and lasting difference in the communities where we operate, not only by creating career opportunities for local people, but also by continuing to deliver a wide range of community investment programmes across our markets.

HOW DID WE ENGAGE?

As the COVID-19 pandemic intensified across the world, our focus during 2020 was on helping our communities, host governments and local partners to fight the virus and mitigate its impact.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- The pandemic dramatically underlined the importance of supporting our communities.
- Across our countries, we engaged with our host governments to identify how we could best support their efforts.
- We donated to local COVID-19 government funds.
- We were also involved in a number of COVID-19 community investment activities, including supporting e-learning applications for children whose schools had closed, and providing supplies to those most in need through local NGOs.



INVESTORS AND SHAREHOLDERS

We want to understand and engage with our investors to keep them informed about key developments in the Company.

HOW DID WE ENGAGE?

In addition to the regular reporting cycle, the Executive Directors and our Head of Investor Relations regularly engage with our shareholders and potential new investors.

As a result of COVID-19, there were very few in person meetings or physical conferences during the year, and a far greater reliance on calls and video conferences to keep investors and shareholders informed and engaged. This had the benefit of greatly increasing the reach of engagement into different territories across the world that were previously not on the engagement calendar.

During the year, the Group issued its first corporate bond, which provided a broader capital markets presence and enabled significantly increased engagement with debt investors and credit rating agencies.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- In 2020 the primary focus was on the impact of COVID-19 on the Group's operations and financial performance and we provided enhanced disclosure on trends through the year.
- In addition, we continued to engage with stakeholders on capital allocation, governance, executive remuneration and Company strategy.
- Furthermore, we have increased focus on ESG matters, and sought to enhance disclosure and engagement with the ESG rating agencies.



GOVERNMENTS

We want to maintain good relationships with governments in the countries where we operate.

HOW DID WE ENGAGE?

We primarily engage with our host governments through industry bodies.

As a result of the pandemic, face-to-face meetings with governments were restricted during the year; however we were able to maintain a dialogue with ministers and senior members of our host governments through video calls.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- A key priority for our host governments during the year was managing the impact of COVID-19 in their markets.
- We engaged with our host governments to see how we could best support their efforts, and both donated to local COVID-19 funds and provided fuel cards and medical supplies to Ministries of Health, so that emergency services in our markets could continue to function.
- Throughout the year, we ensured that our Retail and Commercial network remained operational, so that critical fuel products could continue to be provided, keeping our governments and their countries operational.

WHAT WERE THE RESULTS?

- Supporting our communities in their time of need has helped us continue to build our reputation. For example, Vivo Energy Kenya, in partnership with the Government of Kenya, produced 350,000 litres of sanitisers at its lubricant blending plant in Mombasa. This was distributed free of charge to Kenyans via various arms of national and county government, and various community organisations.
- In addition, Vivo Energy Ghana, in partnership with its retailers, launched its 'Retailer Sustainability Programme' to implement COVID-19 prevention projects in communities where it operates. Many organisations across the country benefited from this programme.

WHAT WERE THE RESULTS?

- The Group believes that the detailed engagement throughout the year has enhanced its relationships with its core stakeholders and their understanding of the key drivers of the business.
- The Group has successfully managed investor churn through the year, welcoming a range of new institutional shareholders to its shareholder register.

WHAT WERE THE RESULTS?

- Due to our central position within the economy, we're major collectors of tax and duties on behalf of governments through the sale of petroleum products.
- We create significant direct and indirect employment which generates major economic benefit for countries, and are a significant tax contributor in our own right. In 2020, we paid \$89 million in income taxes to our host economies and collected significant taxes and duties through the sale of petroleum products.

SECTION 172(I) STATEMENT

Engaging with stakeholders is fundamental, and we believe that considering stakeholders in key business decisions is not only our legal obligation but the right thing to do.

This has never been more relevant than during the COVID-19 pandemic, and the Group continues to work hard to keep its employees safe and its business viable while also striving to enable its customers and those critical businesses that rely on it to keep moving.

The individual Directors and the Board as a whole are aware and mindful of their duty under section 172(I) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging our section 172 duties we have regard to the factors set out above.

We also have regard to other factors which we consider relevant to the decision being made. We listen to and collaborate with a wide range of stakeholders in order to grow our business and deliver value. The key stakeholder groups we have identified are our people, customers, partners, communities, governments, investors and shareholders. Further details about how we engage with these stakeholders can be found on pages 42 to 45 and page 77. We acknowledge that not every decision we make will necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

DECISION MAKING

The Vivo Energy Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Throughout the year, the Board has considered the long-term consequences of the decisions it has made, focusing on the interests of relevant stakeholders as appropriate. Set out below are two examples of how the Directors discharged their duties under section 172 during the year.

KEY BOARD DECISIONS

COVID-19

During 2020, COVID-19 affected businesses across the world. As the pandemic unfolded, the Board held a series of additional meetings to review the action which would be needed to ensure the business was in the best possible position to withstand the effects of COVID-19, and to protect staff, customers and partners while preserving shareholder value.

The Board considered carefully the needs of various stakeholder groups as the effects of COVID-19 unfolded. It took balanced and prudent decisions designed to protect the Company's stakeholders in the long term.

As part of that process the Board took the following key decisions:

- Not to access government funding or borrowing;
- Not to furlough or make any employees redundant;
- Not to pay a final dividend for 2019, in order to preserve reserves;
- To declare and pay an interim dividend of \$34 million, following the continued recovery in trading through the third quarter. This is the amount that would have been paid to shareholders had the final dividend for 2019 been paid rather than withdrawn; and
- To make donations, in cash and products, to a range of charities and funds in the countries in which the Company operates.

These decisions were considered to be in the best interests of our people, shareholders, customers, communities, governments and suppliers.

REFINANCING

The Group has a clear strategy which is outlined on pages 22 to 23, and the Board regularly reviews this strategy in light of the changing external environment to ensure that the focus remains correct. A key strategic objective is to maintain attractive and sustainable returns through disciplined financial management. Prudent management of the Company's liquidity and capital resources is fundamental to this objective.

In September 2020, the Board took the decision to issue \$350 million of senior notes, with a seven-year tenor. The issue was timed to take advantage of favourable market conditions. The proceeds of the issue were used to repay some of Vivo Energy's bank term facilities as well as for general corporate purposes. The Board considered and assessed the transaction and a range of alternatives to ensure that the final decision aligned with strategy and delivered appropriate returns. The Board took extensive professional advice, engaged with prospective investors, considered the key risks and the interests of shareholders, investors, our people and suppliers. It then concluded that the issue of senior notes would be in the best interests of the Company and its stakeholders as a whole.

RESOURCES AND RELATIONSHIPS CONTINUED

MANAGING HIGH-QUALITY ASSETS

Our well-maintained assets range from the bright, efficient service stations that provide high-quality products and customer convenience, to an extensive fuel storage network and lubricant blending plants. Owning or having operational control of these assets is essential to control costs, guarantee supply and manage HSSEQ and product quality.

HOW WE MANAGE OUR RETAIL NETWORK

At the end of 2020, our retail network comprised 2,330 service stations across 23 countries, trading under the Shell and Engen brands. During the year we added a net total of 104 new service stations.

A key priority during the year was to adapt our service stations to make them safer for our customers and our dedicated teams who work there. Across the network, we made sure that our sites were cleaner and safer through increased cleaning protocols, provision of protective equipment including hand sanitiser and masks, COVID-19 preventative awareness campaigns and car sanitisation services. These activities and more helped reassure our teams and made our customers feel safe when visiting our sites.

We continued to make sure that our service stations are convenient and welcoming places to visit by refurbishing more sites and adding new Non-fuel retail offerings, including shops, pharmacies, coffee and food outlets.

Our customers are frequent and loyal visitors because our service stations are clean, vibrant, efficient and convenient. In 2020 we continued to increase our payment systems and to roll-out our new app for the Shell-branded markets, which is bringing more convenience to customers, and promoting even greater loyalty.



HOW WE MANAGE OUR DEALER NETWORK

In order to manage our retail network efficiently, we utilise local dealers to operate approximately 94% of our sites to our exacting standards. We use a mix of three operating models across our network depending on the site location and circumstance. The majority of our service stations are company-owned and dealer-operated (CODO). However, we also have sites that are dealer-owned and operated (DODO) and a small number that are company-owned and operated (COCO).

We support our dealers to ensure they have a platform to succeed and regularly check that they're maintaining the standards that we require. Across all our sites we manage and control HSSEQ, marketing and branding, as well as site and service standards, to ensure operational excellence.

We have increased the number of Territory Managers, allowing us to visit the sites more frequently, and have introduced a more structured call plan, driving compliance and growth.



We support our dealers to ensure they have a platform to succeed and regularly check that they're maintaining the standards that we require."



HIGHLIGHTS DURING THE YEAR

NETWORK EXPANSION

104

net total of new service stations

EXTENSIVE STORAGE FACILITIES

57

depots owned

EFFICIENT MANAGEMENT OF NETWORK

94%

of sites operated by local dealers



HOW WE MANAGE OUR NETWORK OF STORAGE FACILITIES AND PLANTS

We've developed an extensive network of storage facilities to ensure that we can supply our retail and commercial customers. In 2020, we had access to over one billion litres of storage across Africa, mitigating supply risks. We own 57 depots in over 50 locations, giving us reliable access to over 667,000 cubic metres of directly-owned and managed storage capacity. In addition, through joint venture arrangements, we have further access to approximately 390,000 cubic metres of storage. This network is supplied by a combination of ship, pipeline, truck and rail. In recent years, average depot turns have increased from 8.2 in 2016, 9.2 in 2017, 9.4 in 2018 and 9.7 in 2019. However, tank turns decreased to 8.6 in 2020, mainly due to lower uplifts in Q2 as a result of COVID-19 lockdowns. During the year our fully automated petroleum storage depot in Nanyuki, Kenya, with a capacity of 11.5 million litres of fuel, was officially opened and linked to Mombasa by rail.

We also benefit from a 50:50 joint venture with Shell, known as Shell and Vivo Lubricants (SVL). Through this joint venture, we have access to and operate two lubricant blending plants in Morocco and Kenya and have interests in blending operations in Tunisia, Côte d'Ivoire, Ghana and Guinea. This gives us access to around 158,000 metric tonnes of blending capacity. Our mining business offers consignment stocks for fuels and/or lubricants to 27 mining customers.

In the Marine sector, we have full bunkering operations in five countries and have the capability to supply fuel and lubricants to marine customers in a number of other markets. The LPG business owns bottling plants and has interests in joint venture facilities in seven countries.

HOW WE MANAGE OUR BRANDS

Our principal partnerships are with Shell and Engen, with whom we've secured retail brand licence agreements until December 2031 and March 2034 respectively. These give us rights to use specified Shell and Engen brands for our products and services, including our service stations.

We own 50% of SVL, which is the exclusive licensee for Shell's lubricant brands in Africa (with the exception of South Africa, Libya and Egypt), giving us access to the industry's most widely respected lubricants.

In most of the Retail markets where we operate we do not compete on price because fuel prices are regulated (margins on regular fuels were regulated in 20 of the 23 markets where we operated at the end of 2020).

This means we compete on location, customer experience and brand. We spend a material amount on marketing across our operating units to drive growth and protect and enhance our brand which – when coupled with the high levels of customer service, quality fuels, a safe fuelling environment and a quality Non-fuel retail offering – means that we're able to consistently outperform our competitors.



RESOURCES AND RELATIONSHIPS CONTINUED

DRIVING OUR CULTURE AND PURPOSE

More than ever before, COVID-19 has underlined the importance of living by our operating culture of 'Focus, Simplify and Perform'. This culture helped us to play our part during the pandemic and demonstrate that we do business the right way.

THE VIVO ENERGY WAY

Since the foundation of Vivo Energy in 2011, our operating culture of 'Focus, Simplify and Perform' has remained a central part of the way we do business. We achieve success by constantly reinforcing our fast and agile, decentralised business model, and this was more important than ever as COVID-19 started to impact our markets.

Our values of honesty, integrity and respect for people guide our teams as they work towards our vision of becoming Africa's most respected energy business.

During the year we communicated our Purpose – to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people – to our employees. 84% of employees believe that we are delivering our Purpose.

We keep our people regularly informed about our business through interaction with their managers, employee town hall meetings, regular online newsletters and our Company intranet. Despite having to work remotely due to lockdowns, 92% of employees said that they were kept informed about the impact of COVID-19 on our business, on an ongoing basis.

We seek to maintain constructive relationships with labour unions formally representing our employees and have localised union agreements and guidelines in place, as applicable. Approximately 29% of the Group's employees are unionised.

DOING BUSINESS THE RIGHT WAY

Our reputation is our most important asset and we work hard to maintain it at every opportunity. We demonstrate the highest standards of corporate behaviour at all times in every interaction with our employees, our customers, those with whom we do business and our shareholders. Throughout the year a key priority has been to protect our employees, customers and partners, while preserving shareholder value.

Our Code of Conduct and General Business Principles (both available on our website) underpin everything we do and are the foundation of our business. All new employees complete an online induction programme, which explains our policies and helps them integrate into the organisation quickly and comprehensively.

We have a detailed counterparty screening process in place which is formalised in the Vivo Energy Know Your Customer (KYC) Policy. The screening process enables us to gain comfort that we know who we are doing business with and that the ethics and values of our counterparties align to our core values.

Employees, third parties and members of the public also have access to our independent, 24/7 anonymous whistle-blowing helpline. They can use this to report any concerns by telephone, online via web reporting or via a designated Vivo Energy whistle-blowing app, which is available for both Android and iOS devices.

During Q3 2020, we rolled out an all staff online training course to raise awareness regarding the ways in which concerns can be reported. The training also affirmed the rights of employees to report concerns anonymously and that employees do not need to be concerned about any form of victimisation or harassment where concerns are reported in good faith. All whistle-blowing reports are sent to our Head of Ethics & Compliance and Head of Forensics for review, in line with our Investigation Guidelines and Misconduct and Loss Reporting Policy.

We're committed to providing equal opportunities for all our employees. Should any employees become disabled, our policy is to engage, re-train and make reasonable adjustments to enable continued employment.



Our operating culture of 'Focus, Simplify and Perform' has remained a central part of the way we do business

HIGHLIGHTS DURING THE YEAR

DELIVERING ON OUR PURPOSE STATEMENT

84%

of employees believe we are delivering our Purpose

KNOWING WHO WE DO BUSINESS WITH

2,246

counterparties checked

CONTRIBUTING TO OUR MARKETS

\$89M

income tax paid to our host economies



The speed of our response to COVID-19 and our focus on people and HSSEQ helped us stand out from the crowd and play our part.”

ANTI-CORRUPTION AND ANTI-BRIBERY

We continue to maintain a multi-site ISO 37001 anti-bribery management systems certification, covering all of our markets. We carried out five onsite external reviews during the year as part of the annual maintenance audits. We provide mandatory employee training on topics such as Anti-bribery and corruption; Anti-money laundering; and our Code of Conduct. We also hold financial crime courses on a bi-annual basis for all employees, tailored to specifically address applicable scenarios, with training completion monitored by our Ethics & Compliance office. Courses are made available in our three operational languages to ensure that staff members can fully grasp the course content and learning objectives.

In addition, each employee is required to submit a Conflict of Interest declaration every year, confirming their understanding of our compliance policies. These declarations are reviewed and approved by line managers after which a detailed risk assessment is conducted by the Ethics and Compliance Office. Corrective measures are recommended and implemented by the Ethics and Compliance Office where required.

We have also implemented a new stand-alone Sponsorships and Donations (S&D) Policy which requires high risk S&D to be pre-approved by the Ethics and Compliance Office and local Managing Directors. Very large S&D require the approval of the Chairman, the Chair of the Audit and Risk Committee, and the CEO.

HUMAN RIGHTS

We strongly support the elimination of all forms of modern slavery. Such exploitation is entirely at odds with our core values of honesty, integrity and respect for people. These values are crucial to our success and growth, and to achieving our vision of becoming Africa's most respected energy business.

Respect for human rights is embedded in our Code of Conduct and General Business Principles, which recognise a responsibility to conduct business as responsible corporate members of society and to support fundamental human rights in line with the legitimate role of business. Both the Code and the Business Principles explicitly address our commitment to combatting modern slavery and human trafficking.

Our anonymous whistle-blowing helpline contains a specific reporting category for raising concerns in relation to any form of unfair labour practices and potential human right violations. Any report received in relation to these categories is directly reported to the Vivo Energy General Counsel and the Vivo Energy Vice President Human Resources.

RESOURCES AND RELATIONSHIPS CONTINUED

DEVELOPING OUR PEOPLE

We worked hard to keep our 2,747 people safe, focused and engaged throughout the pandemic, making sure that we continue to benefit from their skills and capabilities needed to support our growth plans.

THE IMPACT OF COVID-19 ON OUR PEOPLE

At the start of 2020, nobody could have predicted the scale and impact that COVID-19 would have on our people. But one thing that didn't change was our overarching principle of keeping their health and safety a top priority.

Even before governments in our markets started imposing lockdowns and restricting movement, we acted quickly and decisively, implementing a range of measures to ensure that our people could work remotely from home, together with actions to protect those for whom this was not possible. Regular updates from leadership, online communications and interactions with line managers kept our people engaged, able to work remotely with ease, and focused on sustaining and protecting our business. Equally important, as mobility restrictions were eased after the first lockdown, we made sure we could reintegrate employees back into offices in a carefully-planned, COVID-safe manner, ensuring that strict guidelines were developed and followed to keep our people safe and well.

Across our markets, our company health advisers played an integral part in keeping our people safe, including mass testing of employees, and directly supporting the limited number of colleagues who have been infected with COVID-19, or required to self-isolate.

We conducted a short, pulse survey in November that was completed by 87% of employees. We were proud to see that 95% believed that we put their health and safety first during COVID-19; that 92% felt they were kept informed on the impact of the virus; and that 89% said they were proud of the way we have managed COVID-19.

We're also particularly pleased that no salaries were cut and no employees were furloughed or made redundant as a result of the pandemic.

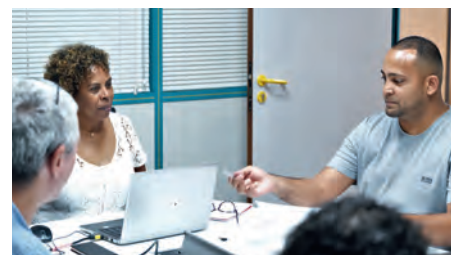
TRAINING AND DEVELOPMENT

Learning and development remains an integral part of our approach to talent management, with structured development plans in place to constantly build the skills and capabilities of our people. We invested \$1 million in training throughout the year.

In part driven by the impact of COVID-19, a significant proportion of our training activity was shifted to virtual and online learning across all areas of the business to upskill employees during this period and maximise learning opportunities – always ensuring that this method of training had equally impactful results.

Emphasis was placed on training colleagues on the preventative measures needed to minimise the risk of spreading COVID-19, including mask use and the need for sanitising and handwashing.

In the second half of the year, we started to roll out our SAP S/4HANA Enterprise Resource Planning (ERP) system to our Engen-branded markets, supported by significant training. We've also identified competencies, gaps and training needs in order to maximise the value and utilisation of the ERP across the Group.



RECRUITING, RETAINING AND REWARDING OUR TEAMS

Throughout the year, and despite the COVID-19 pandemic, we continued to resource for future growth.

In addition to strengthening teams in our Engen-branded markets a number of new roles were identified, created and filled across the Group to expand our capabilities and help set us up for future growth in business areas such as Food, Convenience Retail, Power, Supply & Sourcing and Sales & Marketing.

During the year Doug Lafferty's appointment was announced and on 1 February 2021 he joined our Board as Chief Financial Officer Designate. He will take up his role as Chief Financial Officer on 5 March 2021.

Our entrepreneurial culture means that remuneration is closely tied to achievement. Variable pay, in the form of annual discretionary bonuses linked to individual and business performance, is a key element of our culture.

HIGHLIGHTS DURING THE YEAR

STRUCTURED DEVELOPMENT FOR TRAINING & DEVELOPMENT

\$1M

invested in learning and development in 2020

ENTREPRENEURIAL CULTURE AND LOW RATE OF RESIGNATIONS

3.5%

resignations during the year

DIVERSITY AS A COMPETITIVE ADVANTAGE

27%

of employees are women



We've also developed bespoke incentive schemes for front line sales staff in the Retail, Commercial and Lubricants segments. In addition, we provide a wide range of benefits for many of our people including healthcare, pensions and life insurance. Long-Term Incentive Plan (LTIP) arrangements apply selectively to senior managers and certain other key members of staff.

See pages 102 to 104 for details of LTIP awards to our Executive Directors.

Low rates of resignations in 2020 of 3.5% are testament to the way we reward our teams, and underline our success in retaining talent. These figures are in line with those reported in 2019, which saw a 4.6% resignation rate. Our overall turnover percentage remains well below the African benchmark.

During 2019 our Senior Independent Director, Hixonia Nyasulu, was appointed Employee Engagement Champion. In 2020 the Employee Engagement Committee was established, representatives were identified and appointed, and the first two committee meetings took place.

For more information see page 89 in the Governance Report.

We conducted a short pulse survey in November, focused particularly on our response to COVID-19 and levels of employee engagement while working remotely. 92% of employees said they are proud to work for Vivo Energy and 95% said they choose to do more than what is expected of them in their roles. Local country results are being shared with employees and areas of improvement and action plans are being developed. A more detailed employee survey is planned for 2021 to ensure we continue to enhance employee engagement.

During the year, we developed a flexi-place working policy to help improve efficiency, productivity and our Employee Value Proposition. The aim is to roll out this discretionary policy to eligible employees during 2021.

DIVERSITY

We promote the development and best use of our employees to create an inclusive work environment, where every employee has an equal opportunity to develop his or her skills and talents.

Part of our talent strategy, our Diversity Principle states that Vivo Energy values diversity as an organisational strength. We believe that employing and developing the top talent from all backgrounds and with varied experiences within the countries where we operate, gives us a competitive advantage.

Across the Group, 43 nationalities are represented, with 35 nationalities across our middle to senior management levels.

GENDER DIVERSITY

We strive to ensure balanced gender diversification across all employees.

Although our gender balance is steadily improving, we recognise that there is further room for improvement.

Across the Group, women represent 27% of total employees, up from 26% in 2019 and 25% in 2018. Female representation was higher (around 34%) among our office-based and sales staff in 2020 (around 33% in 2019).



OUR GENDER SPLIT AT 31 DECEMBER 2020 WAS AS FOLLOWS:

	Female	Male	Total
Board of Directors	2	7	9
Senior Executive Team ¹	1	8	9
All other employees	741	1,995	2,736

¹ The CEO and CFO are counted in the Board of Directors row. While they are also members of the Senior Executive Team, they are not counted in this row, to avoid double-counting.



Men 73%
Women 27%

RESOURCES AND RELATIONSHIPS CONTINUED

LOOKING AFTER OUR PEOPLE

Safety is our absolute priority. Our robust HSSEQ system and processes have helped us protect our employees, customers and partners from the risk of COVID-19.

OUR HSSEQ FOCUS AREAS

Our HSSEQ performance is benchmarked against the downstream activities of our industry peers, and we consistently score ahead of companies operating both within and outside Africa. HSSEQ is an integral part of our business plan and we work to incorporate it throughout our culture and operations. In 2020 we maintained four main HSSEQ focus areas, adding a focus on COVID-19 when the pandemic started impacting the world:

- **Road safety** including providing driver training and rewarding safe driving, as well as incorporating extra safety equipment into vehicles.
- **Contractor safety** which extends from requiring contractors to comply with our HSSEQ policies through to driver and vehicle initiatives.
- **Process safety** such as ensuring that safe working practices are followed at all depots, blending plants and other sites where we operate potentially hazardous equipment.
- **Security** including traveller and country security monitoring and incorporating security initiatives into the design and operation of our assets.
- **COVID-19** Acting swiftly to protect our people, customers and partners from the risks associated with the pandemic.



KEEPING OUR PEOPLE SAFE FROM COVID-19

In 2020, Vivo Energy, in line with the rest of the world, experienced a year without precedent where our challenging HSSEQ environment was further impacted by the COVID-19 pandemic. Despite this, our robust HSSEQ governance, policies and procedures ensured that we not only mitigated the risk of the pandemic to our employees and stakeholders, but once again achieved world-class HSSEQ results.

Our focus on the health and wellbeing of our employees, customers, contractors and stakeholders ensured that we were able to recognise, mitigate and overcome our normal HSSEQ risks while also being recognised by many stakeholders for our work on COVID-19 risk mitigation within the markets where we operate. This is firmly in line with our goal of zero harm to people and the environment and endorses Vivo Energy's vision of becoming the most respected energy business in Africa.



HSSEQ is an integral part of our business plan and we work to incorporate it throughout our culture and operations.”

HIGHLIGHTS DURING THE YEAR

KEEPING HSSEQ TRAINING RELEVANT AND CURRENT

9,000

hours of HSSEQ training provided

PREVENTING INCIDENTS

92%

of potential incident reports for 2020 closed out

DEDICATED TO IMPROVED SAFETY

370

HSSEQ improvement stories submitted for Safety Day



CONTINUOUS HSSEQ IMPROVEMENT

During 2020 we reviewed the Group's HSSEQ governance system and its associated policies, manuals, protocols and procedures. This ensured that we have a simple, focused, efficient and relevant HSSEQ Management System that is able to be understood, adopted and implemented across the countries where we operate.

This review and update was supported by the adoption of a bespoke HSSEQ information management system which allows our staff, from senior leadership through central and country management to our employees, to interact proactively within the HSSEQ sphere.

Our safety system is based on the premise that all risks should be recognised across all aspects of our business. These risks must have barriers and controls to prevent incidents and accidents occurring. On the occasions when an incident does happen, this is rigorously investigated. Lessons learnt from the incidents are shared and operational procedures and processes are updated to ensure that similar incidents do not reoccur. High potential incident reviews are led by senior management with extensive and detailed remedial action plans produced.

Our 'Potential Incident' reporting system aims to prevent incidents from happening, as opposed to fixing them after they've occurred – one of the true indicators of a world-class safety culture. During 2020, the Group recorded over 46,500 Potential Incident reports, with around 92% of these having been closed out by the end of December 2020. It is only through the constant attention to these potential incidents that major incidents and accidents are avoided.

Across all of our operating units (OUs) we were again very proud of our Total Recordable Case Frequency (TRCF) and Lost Time Injury Frequency (LTIF).

In our Engen-branded OUs, we further strengthened the HSSEQ culture, with the majority of Vivo Energy HSSEQ procedures being adopted. This process will be completed in 2021. These markets performed particularly well in HSSEQ and the performance data for 2020 reflects the successful adoption of the Vivo Energy HSSEQ Management System.

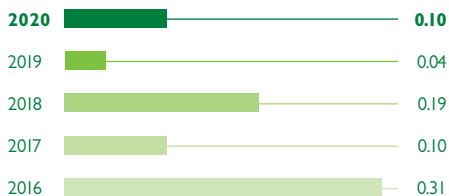
For us to remain a leader in HSSEQ, it is imperative that we continue to ensure that our staff are competent and that HSSEQ training is relevant and current. In 2020, we commenced a comprehensive HSSEQ competency assessment review, with each operationally critical position being mapped and their competencies outlined. This will be implemented using our new information management system to ensure that competencies are tracked and current, and that employees are able to be evaluated for new positions or promotions.

In 2020, we provided over 9,000 hours of HSSEQ training, despite the severe travel restrictions. Extensive use was made of virtual learning platforms and a large number of HSSEQ training courses were adapted and distributed through the Group's e-learning channels, including podcasts and interviews with HSSEQ Subject Matter Experts.

We maintain a Vivo Energy Group Crisis Management Plan and run training sessions and simulation exercises across our OUs.

During October, we ran our annual Safety Day across the Group, which this year focused on 'Safety: Action Matters', demonstrating how employees have been improving HSSEQ at Vivo Energy. 370 HSSEQ improvement stories were submitted by employees and the best were selected and showcased across the Group to celebrate and share best practice.

TOTAL RECORDABLE CASE FREQUENCY PER MILLION EXPOSURE HOURS



EMPLOYEE AND CONTRACTOR FATALITIES



RESOURCES AND RELATIONSHIPS CONTINUED

MANAGING OUR ENVIRONMENTAL IMPACT

We continue to adapt our business to offer what our customers need and to support the transition to a low-carbon economy in the decades to come.

OUR ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

We recognise that we have a responsibility towards the environment beyond legal and regulatory requirements. We are committed to reducing our impact and continually improving our environmental performance as an integral part of our business strategy and operating methods. We will encourage our partners, customers, suppliers and other stakeholders to do the same.

As part of this commitment, we promote cleaner and more efficient fuels and lubricants through our business channels as well as providing access to LPG where possible as a transition fuel to replace carbon intensive fuels. We will also look to utilise renewable technologies in our operations and as solutions for our customers.

We continued to deliver against our plan to receive external certification for our Environmental Management System (EMS) which is part of our Group-wide HSSEQ and Social Performance Management System, designed to cause zero harm to people and to protect the environment.

Across the Group, we secured the ISO 14001 (Environmental Management) standard in five of our OUs, and both ISO 14001 and ISO 45001 (Occupational Health and Safety) certifications for Vivo Energy plc during the year. We now hold 19 different ISO certifications across the Group. We continue our plan to obtain local ISO certifications for the majority of our OUs within the next five years.

GREENHOUSE GASES

In order to reduce our environmental footprint and improve our environmental performance we have concentrated on operational efficiencies across our business. Reporting and tracking of emissions in 2020 has ensured that we have continued to compile a comprehensive overview of our Scope 1 and Scope 2 emissions. We will continue to promote reduction of both emissions and quantities of water and waste in all operations.

We adhere to the UK Government Environmental Reporting Guidelines and the UK Government Greenhouse Gas Conversion Factors. These are the methodologies used to calculate our GHG emissions.

Our combined GHG emissions from our 23 Shell- and Engen-branded operating units were:

	Kilotonnes of CO ₂ equivalent 2020	Kilotonnes of CO ₂ equivalent 2019
Emissions from combustion of fuel (Scope 1)	58.77	67.32
Emissions from electricity, heat, steam and cooling (Scope 2)	7.98	8.02
Total Scope 1 & 2 emissions	66.75	75.34
Emissions intensity ratio (KT CO₂e/10,000m³)	0.06926	0.07232



This figure includes emissions of CO₂ equivalent (CO₂e), including both combustion of fuel and the operation of our facilities (including the purchase of electricity, heat and cooling), as far as it has been possible for us to ascertain.

We have not included emissions from our central offices located outside our OUs as these are small, shared office spaces, without accurate information and responsible for minimal emissions.

Our absolute emissions in 2020 are lower than 2019 as a result of reduced activity across our markets during the first half of the year. The intensity ratio for 2020 is broadly in line with the previous year due to continued energy efficiency measures across the Group.

We have enhanced tracking of our Scope 3 emissions, to ensure we comply with all legislative requirements and are working towards comprehensively reporting these in subsequent annual reports, to provide a wider picture to investors and shareholders.

Finally, we also continue investigating opportunities for carbon credits and carbon offsets within our operations and with our partners.

HIGHLIGHTS DURING THE YEAR

SETTING STANDARDS IN OUR HSSEQ SYSTEM

19

ISO certifications
obtained across
the Group

TOTAL SCOPE 1 & 2 EMISSIONS

66.75

kilotonnes of
CO₂ equivalent

MINIMUM FUEL SPILLS

0.00002%

of product volume
lost to the environment

RESPONDING TO CLIMATE CHANGE

Africa has a fundamental reliance on roads to move goods and people around the continent and we expect this will drive growing demand for various fuels for many years ahead. The shift to electric vehicles (EVs) will lag developed markets due to the cost, lack of charging infrastructure, access to electricity and regulation, which means EVs are unlikely to become even a meaningful part of the car market in the majority of our countries for some time.

Cognisant of this, we still believe it is vital that we respond to climate change impacts and we actively strive to reduce our impact on the environment. We've outlined through this report the range of initiatives underway to manage our Scope 1 and 2 impact, ranging from solar power on sites, to trucking and distribution efficiencies and we will continue to do more going forward.

It is clear that due to the nature of the products we sell our indirect, Scope 3 impact is significantly larger than our direct emissions, and while we need to meet the growing demand for fuels from our customers, we must do this in the most climate-friendly way possible. Today we are one of the few companies in Africa putting additives into the majority of the Retail fuels we sell to make them more efficient and are looking at increasing our renewable energy offerings to our B2B clients and our own operations.

We're in the process of more formally embedding climate change into our governance, strategy and risk management, and have engaged a sustainability consultancy to advise us as we develop this further. We will continue to adapt our business to offer what our customers need and to support the transition to a low-carbon economy in the decades to come. As part of this we have also enhanced the Board oversight of our climate change and broader ESG approach.

In this manner, we're enhancing the monitoring of the impacts of our business and plan to disclose more of these in future reports. We're also committed to managing and reducing our impacts, whether through the use of new technologies or providing lower carbon alternatives such as LPG, solar or other commercially attractive options to customers as part of the transition. We must not leave our communities, who may be impacted the most by climate change, behind. We will continue to invest in those communities, supporting their efforts against climate change where we can.

Vivo Energy's purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people. Living our purpose is strongly aligned with the need for everyone to play their role in the battle against climate change and we believe that by doing so, and ensuring the longer-term sustainability of the business, we will continue to deliver value to all of our stakeholders.

RESOURCES AND RELATIONSHIPS CONTINUED

TRANSPORT EFFICIENCIES

Most product transportation in our countries is by road, which is a challenging and complex area for industry worldwide and particularly in the majority of the countries within which we operate. To improve safety performance, we focus on safe practices, behaviours and influence our contractors' vehicle age and design. A major focus over the past few years has been on reducing the age of our contractors' fleets, while increasing the size of the trucks from 35m³ to 42m³, to increase drop efficiencies. In addition, we continue to explore other options for improving supply and distribution efficiencies. In Kenya, we have shifted a large part of our inland distribution to the north and centre of the country from road to pipeline and rail. This not only reduces our carbon footprint substantially but also decreases our road transport risk.

SITE AND DEPOT EFFICIENCIES

We have continued to focus on improving energy efficiency at our service stations, depots and head offices to reduce the demand and cost of conventional electricity, while contributing to more environmentally friendly operations. Actions include LED lighting, more efficient heating and ventilation systems, and better insulated double glazing.

Where possible newly built and rebuilt sites will include solar power. During the year an additional 33 service stations had solar panels added, bringing the total number of sites across the network with solar power to 118.

In Reunion, which is a French Territory, we expect to see faster adoption of electric vehicles due to French Government subsidies, and as such we are investing in new technologies that may be utilised in future in alternative markets. During the year we equipped a number of our sites with photovoltaic panels that will supply Electric Vehicle Recharge Facilities (EVRF), meaning that the power used to charge EVs will be renewable. We have also signed a partnership agreement with Loisibike, which specialises in electric bicycles in Reunion, as part of the country's Energy Saving Certificate (C2E) framework.

In Tunisia solar panels were installed in the Rades fuel depot and in the LPG filling plant, and can produce up to 13% of the annual electricity consumption of the depot.



In Reunion, which is a French Territory, we expect to see faster adoption of electric vehicles due to French Government subsidies, and as such we are investing in new technologies that may be utilised in future in alternative markets.”

PRODUCT IMPACT

CLEANER FUELS AND LUBRICANTS

The importation of products into most of our markets is regulated by governments that set specific standards for specifications of fuel products which balance environmental impact with affordability. Through our relationship with Shell, we have access to their advanced products, which enables us to include additives in the retail fuels we sell in our Shell-branded markets – driving better engine efficiency, reducing fuel consumption and therefore reducing emissions.

During 2019, we launched new fuel formulations in a number of our markets, and while some new product launches were paused during 2020 we were able to launch the new formulation of Shell FuelSave with DYNAFLEX technology in Namibia and Mali during the year. We intend to expand the distribution of the latest additive fuel technology in our markets during 2021. We are also exploring opportunities to provide additives in the fuels we sell in our Engen-branded markets.

In Kenya, we launched new generations of lubricants in the Shell Helix and Rimula ranges. Derived from synthetic oil, these products help reduce CO₂ emissions and save fuel. These lubricants are now sold in over ten of our markets.

The year saw an increase in demand for LPG across the markets in which we sell it, primarily due to the nature of government responses to the pandemic. LPG is seen as a transition fuel as it is used both for home cooking as an alternative to more traditional methods, and can also be used to replace Heavy Fuel Oils in industrial applications. We will look to develop this business further in 2021.

MARINE FUELS

At the beginning of 2020, new marine fuel regulations came into force, lowering the global bunker fuel sulphur limit from 3.5% to 0.5%. We supported the change and had prepared our facilities. In accordance with MARPOL 2020, we now offer Low Sulphur Heavy Fuel Oil to our marine customers.

POWER SOLUTIONS

We were delighted to secure a contract to provide solar power to the Nampala mine in Mali, our first contract with one of our commercial customers to provide a hybrid solar and fuel energy solution. We look forward to launching this project later this year and to expanding this offering to our existing and future Commercial customer base to help reduce their costs. We believe the project will reduce the mine's CO₂ emissions by around 60,000 tonnes over the next ten years.

SOCIETAL IMPACT

We want to make a real and lasting difference to our communities, supporting them and promoting a better quality of life and more sustainable future.

Our team in Kenya has partnered with KOKO Networks, a clean technology company, with a network of around 600 smart fuel ATMs that enable liquid bio-ethanol cooking fuel to be scaled as a clean alternative to charcoal and kerosene. Our partnership with KOKO provides low-income households with a product that is cheaper, more convenient, safer, and has a much lower impact on the environment. One of the key benefits of KOKO Fuel for the consumer is that the initial cost is significantly lower than that of LPG, thereby reducing a key barrier to adoption. Uptake has been very strong, with hundreds of thousands of Nairobi residents benefiting and plans for expansion to the rest of Kenya are underway.

In Mauritius our team immediately responded following the grounding of the MV Wakashio, on a coral reef off the coast of the island in July. We provided our bunkering barge to help the salvage efforts and reduce further product spill to the sea. We provided oil spill kits, technical assistance and donations to support the government with the clean-up operation.

In Morocco we created an online version of our Mama Tabiaa programme, an educational initiative created with the Zakoura Foundation and supported by the Ministry of Education to educate students and their families on environmental issues.

WASTE MANAGEMENT AND PRODUCT STEWARDSHIP

We've increased our focus on product stewardship, ensuring that we manage our products from acquisition until disposal. In each country, we manage this in accordance with national legislation and product stewardship protocols.

All hazardous materials are accompanied by Safety Data Sheets, and are transported, stored and sold in accordance with strict requirements which adhere to both national and industry requirements. We dispose of all hazardous waste in accordance with national legislation and each country's particular requirements for obtaining disposal certificates. This information is tracked, reported and verified by our audit regime.

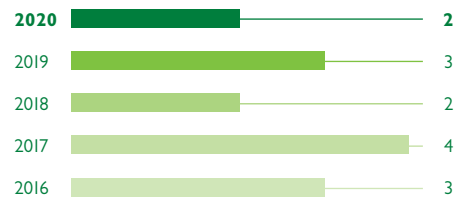
During the year we also began to track the quantity of waste generated within the Group, whether in our offices, at our depots or on our sites. Once we have a suitable baseline for this we will look to report further.

PRODUCT SPILLS

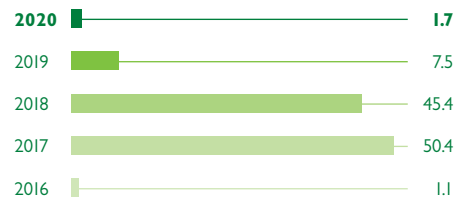
We recorded an exemplary hydrocarbon spills performance during the year. There were only two minor spills recorded in the Group, with a total of only 1,700 litres being lost to the environment. This compares to 7,500 litres that were spilt in 2019 and represents less than 0.00002% of the product volumes that we handled through the year. However, we believe that even this is unacceptable and continue to strive towards our goal of zero harm to the environment with programmes in place to reduce and minimise product spills. These include training for road transport contractors, quality marshals and detailed checklists to ensure the correct standards and procedures are followed in order to reduce the chance of spills.



**NUMBER OF PRODUCT SPILLS
GREATER THAN 100KG**



**TOTAL VOLUME OF PRODUCT LOST
'000 LITRES**



In Morocco we created an online version of our Mama Tabiaa programme, an educational initiative created with the Zakoura Foundation and supported by the Ministry of Education to educate students and their families on environmental issues

RESOURCES AND RELATIONSHIPS CONTINUED

MAINTAINING AN EFFECTIVE FINANCIAL STRUCTURE

We maintain a disciplined and effective financial structure, and manage to deliver maximum returns.

HOW WE'RE FUNDED

Our business has achieved tremendous growth since inception in 2011 and we've expanded our footprint in Africa by investing over \$1 billion of funds generated internally from operating cash flows. Most of the Group's funding requirements for new investments come from cash generated by existing operations as well as our structurally negative working capital position. We have a well-managed financial structure at Group level, with a leverage ratio of 0.86x in 2020 and have access to \$2.1 billion in liquidity of which \$1.3 billion is uncommitted. The Group issued \$350 million worth of notes during the year, a good indicator of market confidence in our future performance.

CAPITAL ALLOCATION

The Group follows a rigorous return requirement in our capital allocation to ensure that every growth project adds significant value to our business. We carry out a robust post-investment review process that measures actual returns against projections, with the majority of our projects exceeding required returns.

OPERATING LEVERAGE

Our mostly fixed cost structure mitigates the need for adding significant overhead whenever we grow the size of our Retail network, which sets the business up for significant operating leverage in the future.

CURRENT CREDIT RATINGS

We were awarded a rating of Baa3 by Moody's in 2020, which is investment grade, and reflects well on our financial structure and business strategy. We also have current BB+ ratings from Standard and Poor's and Fitch Ratings. The recent notes, issued in September 2020, were awarded the same rating. We actively monitor capital market conditions for opportunities to enhance the efficiency of our capital structure.

PRIORITIES AND HIGHLIGHTS DURING THE YEAR

WELL MANAGED FINANCIAL STRUCTURE

0.86x

leverage ratio in 2020
(2019: 0.48x)

MARKET CONFIDENCE

\$350M

notes issued

STRONG LIQUIDITY

\$2.1BN

available short-term resources in 2020
(2019: \$1.9 billion)

NON-FINANCIAL INFORMATION STATEMENT

This Annual Report contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006. The table below provides key references to information that, taken together, comprises the Non-Financial Information Statement for 2020:

NO.	REPORTING REQUIREMENT	POLICIES	REFERENCE IN THE 2020 ANNUAL REPORT	PAGE NO.
1	ENVIRONMENTAL MATTERS	<ul style="list-style-type: none"> – Environmental policy – Code of conduct – HSSEQ and Social Performance policy 	<ul style="list-style-type: none"> – Climate change – Climate change risk – Managing our environmental impact – HSSEQ risk 	<ul style="list-style-type: none"> 54 to 57 67 54 to 57 65
2	EMPLOYEES	<ul style="list-style-type: none"> – Code of conduct – General Business Principles – Whistle-blowing policy – Data protection policy – Privacy policy – Performance, reward and recognition framework – Travel security policy 	<ul style="list-style-type: none"> – Our culture and purpose – Our people – Looking after our people 	<ul style="list-style-type: none"> 48 to 49 50 to 51 52 to 53
3	HUMAN RIGHTS	<ul style="list-style-type: none"> – Combating Modern Slavery statement – Privacy policy – Data protection policy 	<ul style="list-style-type: none"> – Our culture and purpose 	<ul style="list-style-type: none"> 48 to 49
4	SOCIAL MATTERS	<ul style="list-style-type: none"> – Code of conduct – General Business Principles – HSSEQ and Social Performance policy 	<ul style="list-style-type: none"> – Engaging with our stakeholders – Our people 	<ul style="list-style-type: none"> 42 to 45 50 to 51
5	ANTI-CORRUPTION AND ANTI-BRIBERY	<ul style="list-style-type: none"> – Anti-bribery and corruption manual – Anti-money laundering policy – Anti-trust manual – Whistle-blowing policy – Know your counterparty policy – Gifts and hospitality policy – Sponsorship and Donations policy – Code of conduct 	<ul style="list-style-type: none"> – Criminal activity, fraud, bribery and compliance risk – Our culture and purpose 	<ul style="list-style-type: none"> 64 48 to 49
6	BUSINESS MODEL		<ul style="list-style-type: none"> – Business model and value creation 	<ul style="list-style-type: none"> 18 to 19
7	PRINCIPAL RISKS AND UNCERTAINTIES		<ul style="list-style-type: none"> – Principal risks and uncertainties 	<ul style="list-style-type: none"> 62 to 69
8	NON-FINANCIAL KEY PERFORMANCE INDICATORS		<ul style="list-style-type: none"> – Non-financial key performance indicators – Our strategic objectives 	<ul style="list-style-type: none"> 25 22 to 23

RISK MANAGEMENT

OUR APPROACH TO RISK

Active risk management is one of our key priorities and an important component of our strategic framework. Our success depends on our ability to identify and exploit emerging business opportunities in the markets where we operate, and this comes with an element of risk.

To achieve our risk management objectives, we have embedded risk management activities in the operational responsibilities of management and made these activities an integral part of our overall governance, planning, decision-making, organisational and accountability structure. Risk evaluation is conducted by assessing the probability of a risk occurring and its potential impact should this happen.

The main purpose of risk evaluation is to help prioritise risks and ensure effective risk management. Through a structured approach to risk management, we are able to mitigate and manage risks and embrace opportunities as they arrive.

OUR APPROACH TO RISK MANAGEMENT

Our internal control system is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework and uses the five components of the framework: control environment, risk assessment, control activities, monitoring, and information and communication.

Our approach is based on the underlying principle that line management is accountable for risk and control management. We follow a risk-based approach to internal control and management is responsible for implementing, operating and monitoring the internal control environment. The Board is responsible for reviewing and monitoring the overall risk profile, the adequacy of the Group's risk management and the effectiveness of internal controls.

Our risk management framework is underpinned by a 'three lines of defence' approach, which defines how risk management activities are organised and where responsibility and accountability lie within the Group.

- First line of defence – As the first line of defence, local functional managers own and manage their risks. They have ownership, responsibility and accountability for directly assessing, controlling and mitigating risks in line with the guidance, policies and requirements set by the Group. They are responsible for implementing corrective actions for control deficiencies identified through the KPI reporting and goal zero checklists (a monthly check completed by management which evidences that controls are operating as intended).
- Second line of defence – Financial (Internal Control, Credit, Treasury) and non-financial (Legal, Ethics & Compliance, Supply, HSSEQ, Retail) risk management functions are in place at Group level to oversee and monitor risks and provide an objective challenge to the first line of defence. They can intervene directly by modifying internal controls, policies and procedures as well as developing risk systems.
- Third line of defence – The Group's (independent) Internal Audit function and the Audit and Risk Committee are in place to provide assurance to the Board on the effectiveness of governance, risk management and internal controls. This includes the extent to which the first and second lines of defence have achieved their risk management and control objectives.

In accordance with the UK Financial Reporting Council guidance, we define a principal risk as a risk or combination of risks that could significantly affect the financial performance, operations or reputation of the Group. Our principal risks disclosed hereafter relate to the current risks but also include the identified emerging risks. Emerging risks are considered particularly important in our strategic planning process to identify potential shifts in critical assumptions and develop or modify strategies to either minimise their negative effects or capitalise on the opportunities that they may present.

OUR RISK APPETITE

The Board is committed to adopting a risk profile and approving a risk management framework that is in line with our vision and culture.

We ensure the risk management framework is adequately communicated, integrated in all areas of the organisation and that accountability is assigned at all appropriate levels.

When considering risk appetite, the Board seeks to balance opportunities for growth and business development in areas of potentially higher risk and return, while being more risk averse in other areas such as reputation, legal, regulatory and health and safety.

RISK ASSESSMENT, MONITORING AND REVIEW

For each risk or category of risks, our risk management process includes activities performed in a continuous cycle. Risk assessment includes risk identification, analysis and evaluation, and ensures each risk is analysed to identify the consequence and likelihood of the risk occurring and the adequacy of existing controls. Each reportable entity is responsible for implementing the appropriate structures, processes and tools to allow proper identification of risks. Once the risks have been identified, analysed, managed and evaluated, risk mitigation identifies the actions to be implemented by management. The risk register is one of the key components of our risk management and governance structure. The focus areas include HSSEQ, financial, operational, compliance, reputation and strategic risks. The Group risk register consolidates the register from the Central Functional Heads (top-down) and from each operating unit, maintained by all local management teams (bottom-up). The register is reported on a quarterly basis and facilitates evaluation of existing and emerging risks.

The Group register is reviewed by the Internal Audit team to ensure completeness of the reported risks and adequacy of their assessments before presentation to the Senior Executive Team for its review and analysis of the risks as well as the related control activities and mitigation measures.

The various risk reporting channels are consolidated into one streamlined escalation process which is used by the Board to assess and analyse the risks of the Group and implement an action plan when necessary.

Our Internal Audit team performs a continuous assessment of our significant risks and communicates them to senior management who in turn develop action plans to address the identified risks. Internal Audit reports directly to the Audit and Risk Committee on the principal risks. The Committee will review and assess the status of each risk. Reviews and recommendations are presented to senior management to continuously strengthen our internal controls framework.

INTERNAL CONTROL SYSTEM

Our approach to internal control includes a number of general and specific risk management processes and policies. Within the essential framework provided by our General Business Principles, the primary control mechanisms are self-appraisal processes in combination with strict accountability for results. These mechanisms are underpinned by established policies, standards and guidance that relate to particular types of risk. These include structural investment decision processes, timely and effective reporting systems and performance appraisal. They cover all material controls, including financial, operational and compliance.

In addition to these structured self-appraisals, the assurance framework relies upon objective appraisals by Internal Audit and the Central Internal Control team. The results of these teams' risk-based reviews of operations provide an independent view regarding the effectiveness of risk and control management systems. These established reviews, reporting and assurance processes enable us to regularly consider the overall effectiveness of the system of internal control and to perform a full annual review of the system's effectiveness. Taken together, these processes and practices provide confirmation that relevant policies are adopted and procedures implemented with respect to risk and control management.

OUR DYNAMIC RISK ENVIRONMENT

As part of the risk management framework, we regularly consider changes in the nature, likelihood and impact of existing and new risks, including the Group's ability to respond to changes in its business and the external environment. As detailed hereafter, our business environment and risk exposure have been particularly impacted in 2020 by the COVID-19 crisis.

In response to the risks created by COVID-19, we have initiated our Business Continuity Plans and have put in place extensive measures to protect the health and safety of our employees, stakeholders, counterparties and communities. The pandemic and new ways of working have created increased opportunities for fraudsters, with an increase in phishing attacks and cyber-fraud activity reported. We have strengthened our controls in this area, by providing online training and guidance for all staff on how to securely work from home.

We have adapted the management of critical operational and finance activities, increasing the frequency at which the Group monitors our credit, supply commitments, demand, stocks, payables and forex exposures in the current high-volatility environment, enabling the Group to manage risks as they arise. These activities are expected to continue while the pandemic has a significant impact on the Group and will be adapted to the evolving business environment as well as the measures taken, imposed or released by authorities in the countries where we operate. The Senior Executive Team, together with relevant senior operational and financial management, has met on a regular basis, including weekly at the height of the impact, to review the key performance indicators, considered the Group's response to the developing situation and reviewed the recovery plans for the businesses. Furthermore, the Board has met regularly during this period and has received updates from the Group. As part of the Group's risk management framework, we continue to consider changes in the nature, likelihood and impact of existing risks, as well as new and emerging risks.

Considering the mobility constraints, our Control functions have developed remote review functionalities in order to maintain continuous monitoring of our activities.

The Forensics function is in charge of fraud detection and investigation activities as well as fraud awareness and prevention. The function works in close collaboration with the Group Ethics and Compliance function and acts independently of the business, reporting directly to the Head of Internal Audit.

The Misconduct and Loss Reporting Policy, together with the Investigation Guidelines, directs our response to fraud and manages the reporting, analysis and investigation of serious allegations or concerns. The Forensics function monitors the cases identified and initiates or advises on the investigations when suspicions or allegations are reported.

As detailed hereafter, as part of our ongoing risk analysis, we reviewed the potential impact of climate change on our business and acknowledged the increased focus from our key stakeholders around the issue. Our priority will be to ensure our business is as efficient as possible, while identifying areas where we can support the long-term transition to a low-carbon economy. We will continue to comply with the evolving regulation while adapting to deliver product offerings that meet future changes in customer needs. We are aware of our environmental impact and are committed to reducing this and continually improving our environmental performance. We encourage our stakeholders to do the same. In our view, this is consistent with our vision to become the most respected energy business in Africa.

As a listed company on the Main Market of the London Stock Exchange, we have considered the implications of the United Kingdom's exit from the European Union ("Brexit") on the business of the Group. The Brexit withdrawal agreement (officially: The Agreement on the Withdrawal of the United Kingdom from the European Union), setting the terms of the withdrawal, was ratified by the UK on 24 January 2020 and by the European Parliament on 29 January 2020. After extensive negotiations, the UK and the European Union agreed on the future commercial and cooperation terms and framework on December 24, 2020. In view of their geographical location, we do not expect our business operations to be impacted by this agreement.

RISK MANAGEMENT CONTINUED

5 WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

- 1 To remain a responsible and respected business in the communities in which we operate;
- 2 To preserve our lean organisational structure and performance-driven culture;
- 3 To maximise the value of our existing business;
- 4 To pursue value-accretive growth; and
- 5 To maintain attractive and sustainable returns through disciplined financial management.

PRINCIPAL RISKS AND UNCERTAINTIES

Our activities are exposed to various risks and uncertainties. These are risks that we assess as relevant and significant to our business at this time, however other risks could emerge in the future.

Overall, our risk management programme focuses on the unpredictability of the global market and seeks to minimise potential adverse effects on financial performance. In addition to the risks and uncertainties presented below, our ability to simultaneously manage the multiple growth generating projects is closely monitored by all relevant control functions.

The Board has assessed the impacts of COVID-19 on the principal risk factors over 2020 and considered that the heightened risk related to the impacts of the pandemic are likely to remain applicable in 2021. Indeed, at the time of issuance of this report, the visible impact of the pandemic remained lower in our markets than in most other regions of the world, but given the nature of the pandemic the Board did not exclude the scenario whereby the number of infections and mobility restrictions could increase again in our markets. COVID-19 has affected most of our principal risks, with Health and safety, Credit management, Oil price fluctuations and Currency exchange risk seeing particular increases in their risk profiles.

In addition to the impact of COVID-19 on the Group detailed hereafter in the description of our principal risks, as per the Board assessment, climate change factors are expected to have an increasing impact on the Group. Consequently, the climate change risk has now been added to our list of principal risks.

We believe that the demand for fuel in our markets will continue to grow and that the transition to a low-carbon economy will take significantly longer in our emerging economies than in Europe. However, we do recognise the impact that our operations have on the environment, as well as the risks that climate change may have on our activities, and are committed to playing our part towards meeting the Paris Agreement objectives. Vivo Energy has previously developed an environmental and social performance strategy and is evolving this to provide for the increasing expectations of our key stakeholders, business partners and customers in relation to climate change.

These include:

- Financial regulators and governments – as a UK listed company, Vivo Energy will be required to meet the climate-related disclosure standards set by the FCA, including alignment to the Task Force on Climate related Financial Disclosures recommendations. As a leading energy business in Africa, Vivo Energy's licence to operate will depend on strong government relations. These governments and their multinational backers are, in many cases, increasingly focused on sustainability and low-carbon transitions, including the achievement of national targets or Nationally Determined Contributions (NDCs).
- Investors – asset owners and managers are increasingly focused on the importance of climate related risks in their portfolios, often taking an active role in engaging companies on their readiness for transition. The emergence of initiatives like the Net-Zero Asset Owners Alliance, Climate Action 100+ and the Transition Pathway Initiative demonstrates the ambitions of the sector. The increased scrutiny is complemented by the use of a number of reporting platforms (e.g. Carbon Disclosure Project) and climate related data services that provide ESG ratings, climate risk metrics and temperature alignment to assess portfolio companies.
- Business partners – as a licensee of the Shell and Engen brands, we recognise our responsibility to play our part in our branding partners' strategy to reduce the overall carbon impact of our products.
- Customers – shifts are expected in customer needs and preferences over time which may impact future fuel demand.

In common with many other companies, we currently track the performance of our business, with a focus on the operational savings from the investments we have made to reduce our impact on the environment.

BRAND & REPUTATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
I. PARTNER REPUTATION AND RELATIONSHIPS			
<p>Our business depends on a small number of key contractual brand relationships with our brand partners, Shell and Engen. We also rely on our own business reputation and brand in order to successfully grow our business and develop new relationships with other brand partners.</p> <p>Our ability to grow and maintain our business in our markets and beyond depends on the reputation of our business partners and relationships (including our brand partners).</p>	<p>The termination of any key brand licence could have a material impact on our ability to grow or maintain our business and could have a material cost impact on current operations.</p> <p>The deterioration of our brand name, or of any of our business relationships, including with our existing brand partners, may prevent collaboration opportunities with existing or new partners, thus hindering growth plans of the Group.</p> <p>A negative trend or development in the brand or reputation of one of our key business partners could adversely impact our current business and future growth plans if it were to adversely impact consumer sentiment towards the brands under which we operate.</p>	<p>Our brand licence agreements contain customary termination provisions which provide that they can only be terminated in very specific circumstances rather than for mere convenience. Such termination provisions relate, inter alia, to events of material breach, insolvency etc. We have developed appropriate processes and procedures to monitor and ensure our compliance with the terms of our brand agreements thus preserving both the relationships with our brand partners and the sanctity of our key contractual relationships. The Group's corporate reputation risk is one of the key risk categories subject to an ongoing assessment and mitigation in our risk management approach. It is continuously monitored and reported as part of the risk register and internal audit reporting.</p> <p>We endeavour to only enter into brand relationships with well-established and reputable partners who are less likely to suffer significant loss of reputation or brand value. In all our key contracts and relationships, we ensure our partners adhere to ethical, HSSEQ and other operational standards that meet or exceed our own standards. Stringent Know Your Customer (KYC) procedures are performed prior to entering any contract over the Group's low level threshold (and regardless of any value when the counterparty is related to a defined list of sanctioned countries) and repeated frequently. We promote and develop the communities in which we operate to help build the Vivo Energy brand as the most respected energy business in Africa.</p>	1

RISK MANAGEMENT CONTINUED

BRAND & REPUTATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
2. CRIMINAL ACTIVITY, FRAUD, BRIBERY AND COMPLIANCE RISK			
<p>The countries where we operate are exposed to high levels of risk relating to criminal activity, fraud, bribery, theft and corruption.</p> <p>There are a number of regulatory requirements applicable to the Group. The related risk of non-compliance with these regulations has increased following the listing and the Engen transaction.</p> <p>The COVID-19 pandemic and new ways of working have created increased opportunities for fraudsters, with an increase in cyber-fraud activity reported.</p>	<p>Violations of anti-bribery, anti-corruption laws, and other regulatory requirements may result in significant criminal or civil sanctions, which could disrupt our business, damage its reputation and result in a material adverse effect on the business, results of operations and financial condition.</p>	<p>We provide compliance training programmes to employees at all levels.</p> <p>Our Code of Conduct and KYC procedures, along with various other policies and safeguards, have been designed to prevent the occurrence of fraud, bribery, theft and corruption within the Group.</p> <p>We have a confidential whistle-blowing helpline for employees, contractors, customers and other third parties to raise ethical concerns or questions.</p> <p>We regularly maintain and update our information technology and control systems within the Group.</p> <p>The Head of Ethics and Compliance and the Head of Forensics are involved in mitigating fraudulent activities in the Group.</p> <p>We strive to ensure our anti-bribery management systems continue to be certified compliant under the ISO 37001 standard.</p> <p>We have further strengthened our controls in 2020 by providing online training and guidance for all staff on how to work from home securely.</p>	<p>1</p> <p>2</p> <p>4</p>

PRICING

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
3. OIL PRICE FLUCTUATIONS			
<p>The price of oil and oil products may fluctuate, preventing us from realising our targeted margins, specifically in the deregulated markets in which we operate.</p> <p>The COVID-19 pandemic led to an unprecedented volatility in oil prices throughout 2020.</p>	<p>Higher supply costs in deregulated markets result in higher prices for our products and could reduce our ability to achieve targeted unit margins.</p> <p>Price fluctuations could negatively impact the value of stocks, resulting in stock losses.</p>	<p>Exposure to commodity price risk is mitigated through careful inventory and supply chain management as well as dynamic pricing.</p> <p>We have adapted the management of critical operational and finance activities, increasing the frequency at which the Group monitors its supply commitments, demand and stocks in the current high volatility environment.</p>	<p>3</p> <p>4</p> <p>5</p>
4. CURRENCY EXCHANGE RISK			
<p>We are exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.</p> <p>Our risk includes potential hyperinflation in several countries, as we are currently experiencing in Zimbabwe.</p> <p>Emerging market currencies have been hit hard by the global market sell-off on the back of the COVID-19 pandemic.</p>	<p>Depreciation of foreign currency exchange rates could result in severe financial losses.</p>	<p>Our treasury policy requires each country to manage its foreign exchange risks. The Central Treasury team approves all hedging plans before they are actioned to ensure they are aligned with our strategic focus.</p> <p>We mitigate currency exchange risks through margin and pricing strategies.</p> <p>Since the start of the pandemic, we have increased the frequency at which the Group monitors its forex exposures.</p>	<p>2</p> <p>3</p> <p>4</p>

HEALTH, SAFETY, SECURITY & ENVIRONMENT

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
5. HEALTH AND SAFETY			
<p>We are exposed to accidents or incidents relating to health, safety and the environment and from such accidents relating to employees.</p> <p>We are further subject to HSSEQ laws and regulations and industry standards related to each of the countries in which we operate.</p> <p>This is our principal risk most impacted by COVID-19. Main risk relates to staff or business partners contracting the virus, entailing threats to life and business continuity.</p>	<p>We may incur potential liabilities arising from HSSEQ accidents/incidents.</p> <p>Brand reputation can be severely impacted, along with employee confidence.</p> <p>Regulators and authorities may impose fines, disrupt our operations and disallow permits for future ventures.</p> <p>The health and safety of our staff and business partners are at risk due to COVID-19. Unavailability of staff, contractors or retailers could also lead to closure of key sites.</p>	<p>We ensure all safety measures for our retail service stations, storage sites and employees are maintained at international standards.</p> <p>We invest significantly in training and technology to improve road transport safety.</p> <p>The highest emphasis is placed on process safety, and minimising security risks to our people, our facilities and the communities in which we operate.</p> <p>We require all our contractors and partners to manage their HSSEQ policies and practices in line with ours.</p> <p>On an ongoing basis, safety and security drills, campaigns and programmes are conducted to ensure widespread knowledge of the Group's HSSEQ principles and procedures.</p> <p>In addition to our ongoing, daily attention to HSSEQ, we hold an annual Safety Day, which creates an opportunity for all employees to refocus on the importance of HSSEQ of our Group. The day is used to reinforce safety measures as well as raise awareness of key issues.</p> <p>Our BCCP has been reviewed (ensuring presence of critical staff, in particular those involved in site security) and COVID-19 protocols developed and implemented to cope with the pandemic specific risks. This includes international travel restrictions, adherence to World Health Organization guidelines and national legislation, special PPE and donning/doffing procedures, revised site access and visit controls, office and asset recovery and reintegration plan and engagement of key stakeholders including hauliers and contractors. Finally, recommendation was made for all non-essential physical work to be done remotely and business meetings to be virtual.</p>	<p>1</p> <p>2</p>
6. ECONOMIC AND GOVERNMENTAL INSTABILITY			
<p>Several countries and regions in which we operate have experienced economic and political instability that could adversely affect the economy of our markets.</p>	<p>An economic slowdown which adversely affects, for example, disposable income, vehicle distance driven, or infrastructure development, in one or more of these regions could negatively impact our sales and have a material adverse effect on the business, financial conditions and operational results.</p> <p>The pandemic and its social and economic consequences could negatively impact the stability of some of the countries where we do operate, intensifying social tensions.</p>	<p>We closely monitor evolving issues in markets.</p> <p>We ensure appropriate responses and business continuity plans are developed to minimise disruptions.</p> <p>All local regulatory environments and changes are closely monitored.</p>	<p>1</p> <p>4</p>

RISK MANAGEMENT CONTINUED

OPERATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
7. PRODUCT AVAILABILITY AND SUPPLY			
<p>We are dependent upon the supply of fuels, lubricants, and additives from various suppliers. When raw materials are needed urgently, asymmetric negotiations occur. The bargaining power shifts to the supplier who in turn can charge a higher price.</p> <p>Furthermore, we are restricted by limited storage capacity within some country facilities.</p> <p>In the short term, the pandemic led to an over-supply of crude oil leading to crude oil prices declining to historically low levels. The long-term impact on oil producers remains unpredictable and there may be future impacts on production and supply capacity.</p>	<p>The increased procurement costs could lower our margins.</p> <p>Limited supply of products and storage facilities may result in stock outs. This could further result in breach of contract and disruptions to our operations, leaving us susceptible to fines or penalties.</p>	<p>We ensure optimal inventory management through close monitoring of inventory days, sales and other factors which may require additional inventory levels.</p> <p>We monitor our suppliers' political and social environments, and realign our purchasing strategies as necessary.</p> <p>We have increased storage capacity at strategic locations within Africa, following the Engen acquisition.</p> <p>Since the outbreak of the pandemic, we have adapted the management and increased the frequency of monitoring of our supply commitments, demand and stocks.</p>	<p>1</p> <p>3</p>
8. BUSINESS CONCENTRATION RISK			
<p>A large part of the Group's operations (and margins) are derived from Morocco when compared to other countries.</p>	<p>Any unfavourable changes in market dynamics, such as the re-imposition of pricing regulations for fuel, or downturns in the performance of the operations overall, may lead to a decline in the Group's performance.</p>	<p>Overall diversification is the key strategy and control measure.</p> <p>The completion of the Engen transaction has increased the geographic diversification and reduced the relative weighting of the Shell-branded operating units, including Morocco, in the Group's operations and volumes.</p>	<p>1</p> <p>5</p>
9. INFORMATION TECHNOLOGY RISK			
<p>Our organisation is currently migrating to a new ERP, a critical project that will redesign some of our operations, functions and controls.</p> <p>During the COVID-19 pandemic, the Group experienced an increase in phishing attacks and cyber-fraud activity reported.</p>	<p>Inadequate processes and segregation of duties may impact the quality of the operations and controls, making fraud detection difficult. Data quality and management issues may have financial, operational or compliance consequences leading to increased (financial and operating) costs and missed opportunities.</p> <p>Cyber-crime can lead to significant and direct financial losses, costly and time-consuming business disruption and impact reputation.</p>	<p>Significant achievements have been completed in the 'enhancements and fixes' programme designed to ensure the Group can take full advantage of its new ERP now operational in the 15 Shell-branded countries. Deployment in the Engen-branded countries (most of them already operating with a solution from the same vendor) has started and is expected to be completed during 2021 allowing a full integration of all operating units into the Group's platform.</p> <p>The Group has developed its control activities to strengthen its cyber-defence capacity and efficiency to identify and block attacks. The last penetration test conducted in 2020 by an external firm confirmed that our security controls are above industry average.</p>	<p>2</p> <p>3</p>

STRATEGIC

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
10. ACQUISITION INTEGRATION			
<p>We may be unable to identify or accurately evaluate suitable acquisition candidates or to complete or integrate past or prospective acquisitions successfully and/or in a timely manner, which could materially adversely affect growth.</p>	<p>We may incur write-downs, impairment charges or unforeseen liabilities, placing strain on financial resources.</p> <p>Occurrences of indebtedness could result in increased obligations and include covenants or other restrictions that limit operational flexibility.</p>	<p>All acquisition decisions are intensively reviewed at several stages with ultimate approval by the Board. This ensures risks at all levels are being assessed and mitigated throughout the process.</p> <p>We ensure there are detailed integration plans with realistic timelines as well as designated teams to execute the plans.</p> <p>Tailored on-boarding and training is delivered post-acquisition to ensure a smooth and efficient transition.</p> <p>The Engen-branded operating units acquired in 2019 operate in line with the Group procedures and policies. The integration programme to align all key functions and activities to the Group standards has proved to be efficient. Operations are measured through key performance indicators.</p>	<p>2</p> <p>3</p> <p>5</p>
11. CLIMATE CHANGE			
<p>The increasing global actions to mitigate climate change and its impacts may lead to changes in our regulatory environments, customer behaviours and access to capital in the future which could materially impact the Group's future prospects.</p>	<p>Shift in customer behaviours, expectations and the development and adoption of affordable clean technology may impact future fuel demand.</p> <p>Non-adherence to evolving regulation, brand partner expectations, technology adoption and customer needs exposes the Group to compliance and financial risks. Brand reputation can be severely impacted, along with employee confidence.</p> <p>Financial markets may focus capital away from carbon intensive industries, increasing the cost of capital for the Group.</p>	<p>We have a range of initiatives underway in order to limit our environmental impact through efficiency measures, cleaner fuels and alternative product offerings.</p> <p>We are developing an assessment of the potential impacts of climate change on future fuel demand, access to finance, regulation and the impact of extreme weather events into our business model, strategy and financial planning process.</p> <p>We have enhanced the Governance oversight of ESG matters, including climate change, and the Nominations and Governance Committee now assists the Board with oversight of the Group's climate change and ESG plans and strategy including its readiness to support the transition to a lower carbon future in our markets.</p> <p>The Group intends to enhance its future reporting regarding climate change in order to comply with the Task Force for Climate Related Financial Disclosures in line with the UK Government's expectations.</p>	<p>1</p> <p>4</p> <p>5</p>

RISK MANAGEMENT CONTINUED

STRATEGIC

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
12. EPIDEMIC			
<p>We face the risk of prolonged impacts from the COVID-19 pandemic, or experience new and recurrent epidemics, worldwide, that may have dramatic effects on humans, economies and security.</p>	<p>The COVID-19 pandemic led to a dramatic drop in demand for oil and gas products due to the level of mobility restrictions imposed by governments. These restrictions may be replicated in the event of future pandemics.</p> <p>The reduction in demand and subsequent change in product pricing could have a material impact on the entire fuel supply chain, from suppliers and distributors to dealers operating sites, as well as on the stability of the impacted countries.</p> <p>Future pandemics may also lead to different changes in government actions and consumer behaviour that require the Group to rapidly adapt and manage its key operational and financial variables.</p> <p>Africa has experienced several epidemic crises over the past decades, including Ebola in 2013-2016, with authorities taking strong measures such as lockdowns and curfews to limit the spread of contaminations which in turn severely impacted the economies.</p>	<p>We have adapted the management of the critical operational and finance activities, increasing the frequency at which the Group monitors its credit, supply commitments, demand, stocks, payables and foreign exchange exposures in a high-volatility environment.</p> <p>Despite the sudden and unexpected outbreak of the pandemic, the Group Business Continuity Plans were immediately activated to keep employees, retailers and contractors safe and ensure the security of our critical sites and operations. The Group has been able to maintain supply to its retail sites and commercial customers.</p> <p>In parallel, the Group provided support to communities, made a series of donations and brought logistic assistance to public COVID-19 operational management facilities in several countries.</p>	<p>1</p> <p>5</p>

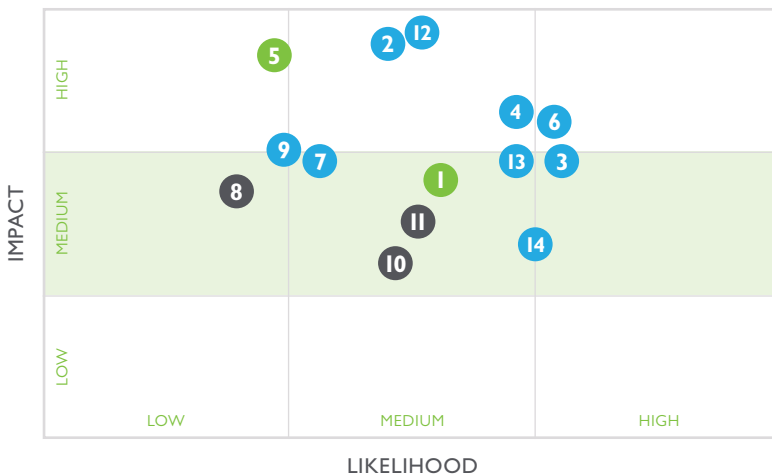
FINANCIAL

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
13. CREDIT MANAGEMENT			
<p>We face risks arising from credit exposure to commercial and retail customers as well as governments, including outstanding receivables and committed transactions.</p> <p>The COVID-19 pandemic impacted the solvency and liquidity of most of our customers, with a heightened effect on the Aviation sector.</p>	<p>This may result in financial loss as a result of bad debts and lost revenue.</p> <p>Exceeding payment terms will result in lower working capital, potentially creating liquidity challenges for the business.</p>	<p>We maintain country-specific Credit Policy Manuals which ensure a harmonised, cost effective and value-adding credit process in all classes of business.</p> <p>Continuous monitoring of outstanding credit balances ensures our overall risk remains within our tolerance.</p> <p>We impose strict guidelines and procedures should customers exceed the credit limits set.</p> <p>Credit limits are set on an individual basis following assessment of the customer through KYC procedures.</p> <p>We use debtor factorisation when considered cost effective.</p> <p>We increased the frequency of our credit exposures monitoring and took rapid and coordinated action to stabilise our business and support our teams from the start of the COVID-19 pandemic. We saw elevated levels of overdue accounts early in the pandemic but worked successfully with customers to support them with their payments. At year-end, Credit KPIs are within target.</p>	<p>2</p> <p>4</p>

HUMAN RESOURCES AND TALENT MANAGEMENT

OUR RISK	RISK IMPACT	OUR MITIGATION	STRATEGIC OBJECTIVES
14. HUMAN RESOURCES AND TALENT MANAGEMENT			
<p>Our ability to attract, train and grow people as well as retain talent is key to the continuing success of the Group.</p> <p>During the pandemic, our human resources and talent management risk has been impacted by governmental limitations on movements, delaying some international assignments and relocations. Some local measures may also affect our ability to move talent between countries in the future.</p>	<p>Increased costs caused by staff inefficiency.</p> <p>Interruptions to operations and delay in new projects.</p> <p>Key people leaving the Group, with some joining competitors.</p> <p>Disputes, strikes and sub-standard performance.</p> <p>Loss of staff enjoyment, motivation, connectedness and attachment to the Group.</p>	<p>We benchmark compensation packages and employee policies against market practice.</p> <p>We invest in employee training and career development.</p> <p>We use on-boarding workshops to ensure that new employees are familiar with our business, our culture and their roles when joining the Group.</p> <p>We maintain constructive dialogue with unions and workforce representatives.</p> <p>We maintain detailed succession plans and talent management programmes.</p> <p>The Group has deployed a new communication approach and ways of working to keep connected with all staff throughout the pandemic.</p>	<p>1</p> <p>2</p>

PRINCIPAL RISK FACTORS



PRINCIPAL RISK FACTORS

1. Partner reputation and relationships
2. Criminal activity, fraud, bribery and compliance risk
3. Oil price fluctuations
4. Currency exchange risk
5. Health and safety
6. Economic and governmental instability
7. Product availability and supply
8. Business concentration risk
9. Information technology risk
10. Acquisition integration
11. Climate change
12. Epidemic
13. Credit management
14. Human resources and talent management

RISK IMPACT

- Decrease
- Unchanged
- Increase

RISK MANAGEMENT CONTINUED

LONG-TERM VIABILITY AND GOING CONCERN

LONG-TERM VIABILITY

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Group over a period significantly longer than 12 months. The Directors believe that a five-year period is the most appropriate timeframe over which to assess the long-term viability of the Group. This timeframe is supported by the Group's strategic business planning cycle. Primary financing has a term of seven years. The period of seven years is slightly longer than the five-year business planning cycle and therefore does not impact the appropriateness of the timeframe. The Directors have reasonable confidence over this time horizon which allows for an appropriate assessment of the Group's principal risks.

ASSESSMENT OF PROSPECTS

The Group's prospects are assessed primarily through its strategic and financial planning process. On an annual basis the Directors approve a detailed five-year strategic business plan, which forecasts the Group's cash flows and ability to service financing requirements, pay dividends and fund investing activities during the period. The prospects assessment uses key macro drivers as assumptions to forecast how markets will evolve. Assumptions include for example, wage and salary growth rates, foreign exchange rates, inflation, GDP growth and crude oil price assumptions.

ASSESSMENT OF VIABILITY

Although the output of the Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the business, the Group has carried out a robust assessment of the potential financial and operational impact of principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Four severe but plausible downside scenarios have been modelled where the following high impact principal risks have materialised:

- Economic and governmental instability adversely affects a number of our local entities resulting in devaluation of local currencies (economic and governmental instability and currency exchange risks).
- Higher supply costs in unregulated markets resulting in higher prices for our products and lower unit margins and potential fines as a result of economic, social and governance requirements (oil price fluctuations, climate change and criminal activity, fraud, bribery and compliance risk).
- Significant negative impacts on our working capital due to oil price increases, security stock increases and an increase in DSO and a decrease in DPO coupled with key cost increases (oil price fluctuations, product availability and supply and economic and governmental instability).
- The negative impacts of the implementation of additional COVID-19 measures throughout our business and ceasing of operations in one of our operating units (economic and governmental instability and epidemic).

Each assessment starts with the available liquidity headroom which is calculated as an aggregation of cash and cash equivalents plus committed available credit facilities as at 31 December 2020. Then the five-year forecast is used to calculate the cash position and available headroom over the period taking into account the impact of the downside scenario adjustments. Each downside scenario assumed an appropriate management response to the specific events but not broader mitigating actions which could be undertaken. The assessments took account of the Group's current funding, forecast requirements and existing committed borrowing facilities. It assumed that the revolving credit facility can be renewed.

STATEMENT OF LONG-TERM VIABILITY

Based on the results of the analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

GOING CONCERN

In accordance with provision 30 of the 2018 Code, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Refer to page 132 in the notes to the consolidated financial statements.

This Strategic Report has been approved by the Board.

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

2 MARCH 2021

GOVERNANCE

The following pages describe our governance arrangements, the operation of the Board and its Committees and how the Board discharged its responsibilities during the year.

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Good governance is essential for creating long-term viability of the business and the economic development of the communities where we operate. The Vivo Energy Board has overall responsibility for governance and we are pleased to confirm that during 2020, Vivo Energy was fully compliant with the 2018 UK Corporate Governance Code ('2018 Code') (available from www.frc.com).

COMPLIANCE STATEMENT

Details of how we have applied the main principles and complied with each provision of the 2018 Code are set out throughout the Governance and Directors' Reports. Further information can be found here:

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The Directors' Report also contains information required to be disclosed under the UK Listing Authority's (UKLA) Rules and the Disclosure Guidance and Transparency Rules (DTRs). To the extent necessary, certain information is incorporated into this Report by reference.

TOGETHER WE MAINTAIN HIGH STANDARDS OF GOVERNANCE



Our vision is to become the most respected energy business in Africa and our actions through the pandemic have supported that.”

JOHN DALY
CHAIRMAN



Dear Shareholder,

2020 brought so many changes and challenges to our working lives; changes that were all but impossible to foresee at the start of the year. It saw the Group and its stakeholders facing the global outbreak of the COVID-19 pandemic, which has been by far the most unprecedented and disruptive event of recent times and probably of our lifetimes.

COVID-19

Throughout the pandemic, our first priority was, and still is, to protect the health, safety and wellbeing of our employees. As a supplier of essential products in our markets, we maintained supply at our retail sites and to our Commercial customers. To best ensure safety and to minimise the risk of virus transmission, a series of preventative health measures were implemented across our operations, retail sites and offices for our employees, customers and suppliers based on country-specific situations and government guidance.

From the very beginning of the pandemic, the strength of our culture has shone through. Vivo Energy employees pulled together and responded with agility and pace to show their colleagues and our stakeholders that they can trust us to be there when it matters the most. I am humbled by the tenacity, resilience and dedication of our people as it is due to their significant efforts and sacrifices that our businesses kept running and our customers kept moving.

Since the introduction of the first lockdown, physical Board meetings became impossible and we moved to virtual meetings. I am grateful to my fellow Board members for their invaluable support and for making themselves available whenever required, frequently at short notice.

While we've focused on doing the right thing by our people, customers and suppliers, we also took significant steps to protect our financial stability, cash flow and liquidity. In response to the impact of COVID-19, the Board withdrew its recommendation to pay the 2019 final dividend and in September, the Group successfully completed its debut bond offering, raising \$350 million to mainly refinance its existing amortising loan facility. Due to these and other rapid actions the Group took to protect the business and the resilience of the business model, our balance sheet has remained strong. As a result, we have not furloughed any employees nor made any COVID-19 related redundancies. In addition, the Board was pleased to be able to restore dividend payments and a dividend of 2.7 cents per share was declared in October.

Our vision is to become the most respected energy business in Africa and our actions through the pandemic have supported that. As well as our employees, we have also prioritised the safety and wellbeing of our suppliers, partners and communities, consistently making sure that we have proactively provided support where it is needed.

We have made donations to relief funds, provided free fuel, food and medical supplies, and utilised our lubricant blending plants to produce hand sanitiser. Further details of how we have responded to the challenges of COVID-19 can be found throughout the Strategic Report.

ESG

The events of this year have meant that the main considerations of the Group have often related to mitigating the effects of COVID-19 but the Board has also maintained its corporate governance and strategy focus throughout the year.

As a Group, Vivo Energy recognises the critical importance of meeting the growing needs of our customers for affordable energy, while at the same time reducing environmental impacts. This is a dual challenge; while planning for the future, we must also meet the energy demand of today. We're committed to remaining relevant to our customers and delivering value to all our stakeholders. We're doing this by evolving our customer offerings to meet future changes and identifying low-carbon growth opportunities to pursue as these become commercially viable.

Besides evolving our customer offerings, we are committed to managing and reducing our own environmental impact. We continue focusing on improving energy efficiency at our service stations, depots and head offices. During the year an additional 33 service stations had solar panels added, bringing the total number of sites across the network with solar power to 118.

During the second half of the year, the Board spent time considering our ESG responsibilities and the steps we are taking as well as those we will be taking to do our part in providing sustainable solutions. We were pleased to secure a contract to commence our first solar project at the Nampala mine which will enable the mine to reduce its carbon footprint by about 60,000 tonnes over ten years. We will use this new project to spur further uptake of such projects in Africa. We have also sought our employees' views on the meaning of a zero carbon company and engaged a third party consultant to work with us to further develop our strategy.

BOARD CHANGES

After more than eight years at Vivo Energy, Johan Depraetere, Chief Financial Officer, has decided to retire from his role with the Group and will be leaving us in the first half of 2021. Johan has been instrumental in the development and growth of the business, and a pleasure to work with. Johan will be missed by us all and we wish him all the very best for the future.

While we are sad to see Johan go, we are also pleased to welcome Doug Lafferty who joined us as Chief Financial Officer Designate on 1 February 2021. After an initial transition period, he will become Chief Financial Officer on 5 March 2021. Doug brings a wide range of experience to the role and we are looking forward to welcoming Doug to the Vivo Energy family.

SUCCESSION AND DIVERSITY

Succession planning is a key focus for the Board. In addition to ensuring orderly Chief Financial Officer succession, over the last 12 months the Board has discussed senior management succession plans and the internal talent pipeline, and received a detailed report on diversity among senior managers and their direct reports.

All our appointments are made on merit taking diversity of skills, background, knowledge, thought and gender into consideration. Whereas we comfortably meet the Parker Review recommendations, we're very mindful of not having met the 33% Hampton-Alexander target, with women currently representing 20% of our Board. We are committed to meeting this target as well as improving gender diversity among senior managers while also recognising the difficulty of achieving this in the short term.

OUTLOOK

This year, we have demonstrated the resilience of our business model and the strength of our customer engagement. Looking ahead with the expectation that 2021 will continue to be impacted by challenging external factors, the Board will continue to work with management to deliver on our strategic goals while ensuring that we continue to safeguard our business and the well-being of our employees, customers, suppliers and communities. While we cannot predict the future, we can continue doing what we do best, providing the energy that our customers depend upon.

The full implications of COVID-19 remain to be seen but one thing is certain. No one can defeat the pandemic alone. This is a challenge that we must face collectively as a global community.

Together we are stronger.

JOHN DALY
CHAIRMAN

2 MARCH 2021

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board's primary role is to ensure Vivo Energy's long-term success by setting the Group's strategic direction, ensuring that strategy is aligned with our purpose and culture and to promote and protect the Group's interests for the benefit of all our stakeholders. The Group's governance framework supports the Board in the delivery of the Group's strategy and long-term sustainable success in various ways as detailed below.

HOW GOVERNANCE SUPPORTS OUR STRATEGY

The Board recognises that it is responsible for promoting the long-term sustainable success of the Group and for delivering long-term value for stakeholders. The Board does this by providing effective leadership and by ensuring that the Group's business is conducted with high standards of ethical behaviour in a manner which contributes positively to wider society and having regard to the interests of its different stakeholders. To ensure the business can meet its strategic priorities, the Board, through its oversight of the development of the Group's strategy, provided strong leadership and support to the Group. The Board continues to benefit from a strong mix of complementary skills and experiences, as well as dynamics that allow for open debate, challenge of existing assumptions and asking difficult questions.

Throughout the year, the Board considered the long-term consequences of the decisions it made, focusing on the interests of relevant stakeholders as appropriate. A key component of the Board's role in the development of Vivo Energy's strategy is the approval of the annual operating plan. This process allows the Board to ensure that the business has the necessary resources to deliver its strategy. Other key strategic items considered by the Board during 2020 included:

- Bond issue;
- Growth strategies in non-core areas;
- Solar project in Mali; and
- Group's ESG strategy and carbon emissions.

Further information on the strategic priorities for the Group is available in the Strategic Report.

OUR PURPOSE AND CULTURE

The Group's vision is to become Africa's most respected energy business. We aim to do this by realising the full potential of our people and business partners and being recognised as the benchmark for quality, excellence, safety and responsibility in Africa's marketplace. In line with our vision, the Group's purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people.

Our operating culture of 'Focus, Simplify and Perform' and our values of 'integrity, honesty and respect for people' have always been core to our business. We believe that they remain fundamental to the future success of the business and, 2020 with its unprecedented challenges, has both enabled and allowed us, more than ever, to live by our culture and our values.

As a business, we recognise that we are only as good as our people and we understand the value of recruiting and developing the best people. By living our values, our people differentiate us from our competitors and enable us to deliver our strategy. It is therefore important that all of our people understand the importance of our vision, values and purpose and their role in realising our vision of becoming Africa's most respected energy business. Further information is available within the Strategic Report on pages 50 to 51.

REINFORCING OUR CULTURE:

The Group's culture is a focus area and the Board believes that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group. During the year, the Directors looked at organisational culture in different contexts, discussed the Group's culture and considered reports from the nominated Employee Engagement Champion and the Senior Management. The Board also considered the first annual culture report detailing how the Group has 'lived' its operating culture and values.

The annual report included:

- the way in which Vivo Energy's culture is embedded throughout the organisation;
- the mechanisms in place to provide insight and feedback on Vivo Energy's culture; and
- focus areas and timelines for 2020 engagement.

In addition, an annual whistle-blowing report was presented to the Board, providing an update on the whistle-blowing programme.

HOW THE BOARD MONITORS CULTURE:

Listening to our employees – The Group undertakes an employee engagement survey every two years. Survey questions allow employees to share their views on key topics, which provide valuable insight into employee engagement and the Group's culture. The last full survey was conducted in 2018 and a shorter Pulse Survey during Q4 2020. The key findings were presented to the Nominations and Governance Committee and also discussed by the Board. Action plans have been prepared by the business to address the priority issues.

During 2019, the Company appointed the Senior Independent Director as its Employee Engagement Champion and in 2020, to assist Hixonia Nyasulu in this role, an Employee Engagement Champion Committee was established. The Committee supports the Nominations and Governance Committee and, in addition to Hixonia, has six members representing different operating regions. The Committee met twice in 2020 to discuss and consider the employees' views on the Group's COVID-19 response, ways of furthering employee engagement and the Employee Pulse Survey results and suggested follow up actions. In addition the Committee agreed on its success metrics and 2021 priorities.

Hixonia has reported to the Nominations and Governance Committee and the Board on the Committee's work and provided feedback on employee opinions and the alignment of our culture and values across the various aspects of our business, strategy and purpose. Further details on page 89.

Whistle-blowing – Employees can report incidents of wrongdoing through both internal and external mechanisms. In addition to the reports raised through line managers, the Vivo Energy Global Helpline enables employees or others to raise concerns in relation to suspected violations of the law or the Vivo Energy General Business Principles (such reports may be raised anonymously, 24 hours a day, seven days a week via this independent helpline). Any reports are then referred to the Head of Forensics and Head of Ethics & Compliance or the General Counsel and are investigated or escalated to the Chairman and the Chair of the Audit and Risk Committee as required.

To deal with any wrongdoing effectively, honest communication is vital and we encourage our employees to raise any such concerns of misconduct. During 2020, to raise further awareness of the importance and the process and procedure of reporting concerns of misconduct, we conducted mandatory whistle-blowing training. The Board is provided with periodic reports on whistle-blowing. Further information is available on page 48.

Ethics, bribery and fraud – Vivo Energy recognises that corruption undermines the rule of law and democratic process, impoverishes states and distorts free trade and competition. The Audit and Risk Committee regularly monitors and reviews the Company's policies, incidents and trends arising from any such incidents and provides updates of key matters to the Board.

Risk management and internal controls – The Audit and Risk Committee annually reviews the effectiveness of the Group's system of internal controls and risk management. The results of the Committee's review are presented to the Board. During 2020, the Board assessed the Committee's review and confirmed it concurred with the Committee's assessment that the risk management and internal controls of the Group remain effective.

Promoting the success of the Company – The Directors, in conducting Board business and taking decisions at Board meetings, act in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, while having due regard and taking into account the likely short- and long-term consequences of any decision on the Company and its business, the interests of all the Company's stakeholders, including employees, and the impact on the community and environment in which the Company conducts its business.

The Board's section 172(1) statement is included within the Strategic Report on page 45.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

KEY ACTIVITIES TO COMPLY WITH THE 2018 CODE

PURPOSE, CULTURE AND VALUES

Following the review of the Group's purpose, the revised purpose was communicated to the organisation and the Board kept updated of the progress. During the year the Board also considered the Employee Pulse Survey results, the first culture report and feedback from the Employee Engagement Champion.

The Board is responsible for the Group's whistle-blowing processes and received periodic reviews during the year. Further details on the Board's involvement with purpose, culture and values can be found on pages 74 to 75.

REMUNERATION

The Remuneration Committee reviews workforce compensation, related policies and the alignment of incentives and rewards with the Group's culture and takes these reviews into account in the setting of the policy for Executive Director remuneration.

During 2020, the Remuneration Committee received updates on workforce remuneration, reviewed the 2018 Code and approved the Committee's revised Terms of Reference. Further details on the Committee's activities can be found on pages 94 to 112.

At the 2019 AGM, shareholders approved the Remuneration Policy and the intention is to next review the policy in 2022.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee is responsible for ensuring plans are in place for orderly succession to both the Board and senior management positions, and for overseeing the development of a diverse pipeline for succession.

During the year the Group's senior management succession plans and talent pipeline were discussed and reviewed by both the Nominations and Governance Committee and the Board.

A successor to the Chief Financial Officer was identified and the Committee recommended to the Board the appointment of Doug Lafferty as Chief Financial Officer Designate from 1 February 2021 and as Chief Financial Officer from 5 March 2021. The appointment was preceded by a confidential market search and the selection process was carried out with the assistance of Spencer Stuart, an independent external executive search and leadership consultancy, which has no other connection with the Group. The Committee ensured that the procedure for the appointment was rigorous, transparent, objective and merit-based. Further details can be found on page 89.

The Committee reviewed and approved its revised Terms of Reference.

AUDIT AND RISK COMMITTEE

The role of the Audit and Risk Committee is to monitor and review the Group's financial reporting, the effectiveness of risk management and internal controls, the Group's whistle-blowing procedures and the integrity of the internal and external audit processes.

This year the Committee placed particular focus on monitoring the impact of COVID-19 on risk management, corporate reporting, the going concern and long-term viability assessment and regulatory and accounting considerations of the bond issue. Further details can be found on pages 90 to 93.

WORKFORCE AND STAKEHOLDER ENGAGEMENT

The Board appointed Hixonia Nyasulu as Employee Engagement Champion and in 2020 an Employee Engagement Champion Committee was established to assist Hixonia. Further details are set out below.

The 2018 Code emphasises that the Board should understand the views of key stakeholders and be in a position to explain how their interests have been considered in decision-making.

During Director discussions, factors set out in our section 172(1) statement on page 45 are considered, where relevant to the Board's decision-making. The Board has formalised this within its decision-making processes, by ensuring that the consideration of stakeholder interests are set out in all Board and Committee papers in a proportionate and appropriate way, relevant to the matter to be considered. This will enable the Board and its Committees to effectively address stakeholder concerns.

EMPLOYEE ENGAGEMENT CHAMPION

Hixonia Nyasulu was appointed as the Company's Employee Engagement Champion in 2019. She is assisted in this role by the Employee Engagement Champion Committee. During the year the roles of the Employee Champion and the Committee were formalised to ensure that the purpose was clear and that there were mechanisms in place for reporting and feedback.

In her role, Hixonia has engaged with the VP HR and regional HR representatives to obtain an understanding of the issues and concerns of the workforce and received feedback and business improvement suggestions from the employees.

In conjunction with the Committee she has:

- Brought employee perspectives to the Board to increase Board effectiveness and decision-making.
- Reviewed employee engagement and feedback mechanisms to ensure they remain effective and appropriate.
- Reviewed the output of the Employee Pulse Survey.
- Devised success metrics and Committee activities for 2021.

Planned activities include engaging with and receiving feedback from employees via various channels, exploring ways to increase employee engagement through line managers and considering new ways of working post-COVID-19. Details on the 2021 engagement activities will be reported in the 2021 Annual Report.

OTHER ACTIVITIES

The Board approved revised Terms of Reference for each Board Committee to reflect the 2018 Code. Copies of these documents are available on the Group's website.

The Board will continue to embed its approach to comply with the 2018 Code during the forthcoming year to ensure that the approach to implementation provides support to the Group's strategic objectives.

STAKEHOLDERS

The Board is committed to building positive relationships with all stakeholders and recognises that this is not only vital to building a sustainable business but also the right thing to do. Multiple stakeholders are impacted by our business, including shareholders, employees, customers, partners and the communities and governments of the countries in which the Group operates. As we enter a new year in the midst of a global pandemic, we continue to be mindful of the needs and expectations of our stakeholders. We recognise that working with our stakeholders towards shared goals assists us to deliver long-term sustainable success.

During the year, the Group undertook a number of stakeholder engagement initiatives. Further information on how the Group engages with all its stakeholders is available within the Strategic Report on pages 42 to 45. In addition to the Group activities, the Board undertook the following stakeholder activities:

SHAREHOLDERS

INVESTOR RELATIONS

The Board believes that having clear, open and transparent communications with the capital markets is an essential element of being a listed company. In order to achieve this, the Company has a designated investor relations function, which acts as the primary point of contact with the investment community and is responsible for both maintaining and enhancing Vivo Energy's relations with current and potential shareholders and the sell-side analyst community. During the year, the Group issued its first corporate bond, which provided a broader capital markets presence and meant that significantly increased engagement took place with debt investors and credit rating agencies.

Due to the impact of COVID-19 the Company had to adapt its normal programme of face-to-face institutional engagements and move to virtual engagements, primarily video-call based. While there are some natural drawbacks to this necessary approach, it had the benefit of greatly increasing the reach of engagement into different territories across the world that were previously not on the engagement calendar.

During the year the Company maintained an extensive programme of scheduled and ad-hoc engagement with institutions and analysts driven by the constantly changing operating environments and an increase in direct engagement from institutions as they looked to manage through the combined impact of working from home and the volatile markets. During the year we conducted virtual investor roadshows and attended virtual investor conferences that were primarily aimed at investors based in the United Kingdom, United States, South Africa and Europe.

These engagements were undertaken by a combination of Executive Management and the Investor Relations function. Due to the restrictions on travel, the Group did not host any investors in our operating units during the year.

The engagements with capital markets stakeholders cover a broad range of topics, but in 2020 the primary focus was on the impact of COVID-19 on the Group's operations and financial performance. In addition to this we continued to engage with stakeholders on capital allocation, governance, executive remuneration, governance and Group strategy. Furthermore there has been increased focus on ESG matters, including climate change, and the Group has looked to enhance disclosure and engage with the ESG rating agencies to ensure a clearer understanding of the business sustainability approach.

Investor Relations regularly presents to, and discusses developments in the capital markets, with the Board, as well as sharing sell-side research and investor feedback. At the end of the year, we commissioned a perception study of a cross-section of our shareholders, non-holders and sell-side analysts, which we believe will be an important tool, both from a strategic planning and a corporate governance perspective.

Due to the importance that the Board places on communication with shareholders, arrangements can be made for major shareholders to meet with the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Senior Independent Director and the Independent Non-Executive Directors, as required.

ANNUAL GENERAL MEETING (AGM)

The Company's third AGM will be held at 2:00 p.m. on 18 May 2021. The Notice of the AGM will include further details, including the venue.

Details of the business to be proposed at the meeting are contained in the Notice of AGM which will be sent to shareholders at least 20 working days prior to the date of the meeting. Voting at the AGM will be conducted by way of a poll and the results will be announced through the Regulatory News Service and made available on our website following the meeting.

To encourage shareholders to participate in the AGM process, the Company will offer electronic proxy voting through both our registrar's website and, for CREST members, the CREST service.

Although it is our intention to hold the AGM at the time set out above, we will continue to closely monitor the impact of the COVID-19 outbreak in the United Kingdom and how it may affect the arrangements for this year's AGM, particularly in relation to social distancing, large gatherings and travel.

We do not anticipate that all of our Board of Directors will be able to attend the meeting in-person due to travel restrictions and health and safety requirements. If any Director is unable to attend in person, we will endeavour to ensure that he/she can attend by phone.

EMPLOYEES

Our people are central to us delivering against our strategic objectives and our vision to become Africa's most respected energy business. Our success is reliant on our culture and the Board is committed to ensuring that our workforce policies and practices are aligned with the purpose, values and culture of Vivo Energy. Further information on employee engagement programmes is set out in the Strategic Report on page 43.

OTHER STAKEHOLDERS

Alongside our shareholders and employees, we have identified customers, partners, communities, governments and investors as our main stakeholders. Where the Board does not engage directly with the stakeholders, it is kept updated so that the Directors maintain an effective understanding of what matters to all our stakeholders and can draw on these perspectives in Board decision-making and strategy development. Updates are provided in a variety of formats including face-to-face presentations and reports by the Chief Executive Officer or Chief Financial Officer as well as by the senior management of the Group's businesses. Senior management is requested, when presenting or providing reports to the Board on strategy and principal decisions, to ensure that the presentations cover what impact the strategy/principal decision has on the relevant stakeholders and how the views of those stakeholders have been taken into account.

For details of how the Board complied with Section 172 of the Companies Act 2006 and how it further engaged with other stakeholders, see page 45.

VISITS TO OUR LOCAL OPERATING UNITS

Visiting our local operating units allows the Directors to gain a better understanding and insight into particular issues faced by the operating unit and the business in general. In addition, these visits give the Directors a valuable opportunity to engage with our key stakeholders including employees, customers and local communities. A schedule of visits for 2020 had been agreed but, due to COVID-19 travel restrictions, the Board's travel plans are currently on hold. Board visits to the Group's operating units will continue as soon as it is safe to travel again. In the meantime the Board's learning and understanding of our business is continuing through virtual deep dives. The deep dives have consisted of reports and virtual presentations and over the year have covered topics such as Zimbabwe, Mozambique, culture and share price.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

BOARD OF DIRECTORS

Committee membership key

- A Audit and Risk Committee
- N Nominations and Governance Committee
- R Remuneration Committee
- Chair

**JOHN DALY** CHAIRMAN

INDEPENDENT ON APPOINTMENT

APPOINTMENT DATE: 20 APRIL 2018

SKILLS AND EXPERIENCE

John brings strong international and consumer expertise to the Board having held various executive leadership positions over the course of 20 years at British American Tobacco plc (BAT). His most recent positions at BAT were chief operating officer (2010-2014) and regional director for Asia Pacific, based in Hong Kong (2004-2010). John is a former director of Reynolds American Inc., a US public company owned 42% by BAT. Prior to his time with BAT, John held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation and Schering-Plough. Until November 2020 John was a non-executive director of Glanbia plc.

EXTERNAL PUBLIC APPOINTMENTS

Britvic plc – non-executive chairman

COMMITTEE MEMBERSHIP



NATIONALITY

**CHRISTIAN CHAMMAS** CHIEF EXECUTIVE OFFICERAPPOINTMENT DATE: 20 APRIL 2018¹

SKILLS AND EXPERIENCE

Christian has extensive experience in the energy sector and has a deep knowledge of Africa and emerging markets. Prior to joining the Group, Christian was at Total for 31 years where he held several executive positions in Central America, the Caribbean, Pacific and India. Christian served as chief executive officer for the Total group of companies in Nigeria, Cameroon and Kenya, followed by successive positions as executive vice president for the Total group of companies for Central Africa, executive vice president for the Total group of companies for Caribbean and Central America, and as Total group representative for India and executive country chairman for downstream companies. His last position at Total was as executive vice president for the MENA region in the downstream division.

EXTERNAL PUBLIC APPOINTMENTS

None

COMMITTEE MEMBERSHIP

None

NATIONALITY

**JOHAN DEPRAETERE** CHIEF FINANCIAL OFFICERAPPOINTMENT DATE: 20 APRIL 2018²

SKILLS AND EXPERIENCE

Johan has wide-ranging experience in senior finance roles both at Vivo Energy and other multinational companies including the Samsung Group, McKinsey and Morgan Stanley. Johan's responsibilities include financial control, treasury & credit, IT and procurement.

EXTERNAL PUBLIC APPOINTMENTS

None

COMMITTEE MEMBERSHIP

None

NATIONALITY

**DOUG LAFFERTY** CHIEF FINANCIAL OFFICER DESIGNATE

APPOINTMENT DATE: 1 FEBRUARY 2021

SKILLS AND EXPERIENCE

Doug Lafferty was appointed as Chief Financial Officer Designate in February 2021 to become Chief Financial Officer in March 2021. His responsibilities include financial control, treasury & credit, IT and procurement. Prior to joining the Group, Doug spent three years as CFO and Executive Director for Williams Grand Prix Holdings plc. Doug has also held a range of senior positions during a 16-year international career with British American Tobacco, including Group Head of Commercial Finance and Regional Head of Finance for the Americas.

EXTERNAL PUBLIC APPOINTMENTS

None

COMMITTEE MEMBERSHIP

None

NATIONALITY



¹ Prior to this he was Chief Executive Officer of the Group with effect from 2 January 2012.

² Prior to this he was Chief Financial Officer of the Group with effect from 6 April 2012.



THEMBALIHLE HIXONIA NYASULU
SENIOR INDEPENDENT
DIRECTOR

APPOINTMENT DATE: 20 APRIL 2018

SKILLS AND EXPERIENCE

Hixonia has global experience across multiple sectors in South Africa and Europe for blue-chip companies, as well as on the Banking Enquiry panel for the South African Competition Commission. Hixonia held numerous management roles at Unilever in South Africa between 1978 and 1984, and subsequently founded two highly successful companies. She has substantial experience as a non-executive director having held non-executive director positions at Unilever plc, Sasol Ltd, Anglo Platinum Ltd, the Development Bank of Southern Africa, Nedbank and served as a member of the JPMorgan Advisory Board for South Africa until October 2013.

EXTERNAL PUBLIC APPOINTMENTS

Anglo American plc – non-executive director

COMMITTEE MEMBERSHIP

A N R

NATIONALITY



CAROL ARROWSMITH
INDEPENDENT
NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 20 APRIL 2018

SKILLS AND EXPERIENCE

Carol has extensive experience of executive remuneration. For over 20 years, she specialised in advising boards of directors on executive remuneration across a range of sectors. Carol is a former vice chair and senior partner of Deloitte LLP, a global partner in Arthur Andersen and managing director of New Bridge Street Consultants. Carol is a fellow of the Chartered Institute of Personnel and Development.

EXTERNAL PUBLIC APPOINTMENTS

Compass Group plc – non-executive director and chair of their remuneration committee
Centrica plc – non-executive director and chair of their remuneration committee

COMMITTEE MEMBERSHIP

A N R

NATIONALITY



CHRISTOPHER ROGERS
INDEPENDENT
NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 22 APRIL 2018

SKILLS AND EXPERIENCE

Chris is a Chartered Accountant and has extensive financial and commercial experience. Chris was a director of Whitbread plc from 2005 to 2016 where he served as group finance director from 2005 to 2012 and managing director of Costa Coffee from 2012 to 2016. He was group finance director of Woolworth Group plc and chairman of the Woolworth Entertainment businesses from 2001 to 2005. Previously Chris held senior roles in both finance and commercial functions in Comet Group plc and Kingfisher.

EXTERNAL PUBLIC APPOINTMENTS

Travis Perkins plc – non-executive director
Kerry Group plc – non-executive director
Sanderson Design Group plc – non-executive director

COMMITTEE MEMBERSHIP

A N R

NATIONALITY



GAWAD ABAZA
INDEPENDENT
NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 1 DECEMBER 2018

SKILLS AND EXPERIENCE

Gawad has a wealth of African commercial experience. He has significant operational knowledge of running consumer-focused businesses across the African continent having held several senior management positions in the Middle East and Africa at Kraft and Cadbury.

EXTERNAL APPOINTMENTS

Gama Transformation Consultancy LLC – managing director

COMMITTEE MEMBERSHIP

A N R

NATIONALITY



JAVED AHMED
NON-EXECUTIVE DIRECTOR
(VITOL APPOINTED DIRECTOR)

APPOINTMENT DATE: 12 MARCH 2018³

SKILLS AND EXPERIENCE

Javed joined Vitol in 2009 and leads its global investing activity. Prior to this, Javed was with Morgan Stanley from 1997 to 2009 where he held positions including managing director and the head of acquisitions and structured transactions for Morgan Stanley's commodities group.

EXTERNAL APPOINTMENTS

Positions at a number of Vitol's portfolio companies, including Petrol Ofisi, VTTI, VPI Holding and OVH Holding

COMMITTEE MEMBERSHIP

N

NATIONALITY



TEMITOPE LAWANI
NON-EXECUTIVE DIRECTOR
(HELIOS APPOINTED DIRECTOR)

APPOINTMENT DATE: 16 MARCH 2018³

SKILLS AND EXPERIENCE

Temitope is a co-founder and managing partner of Helios Investment Partners, the largest Africa-focused private investment firm. He is also co-CEO and a director of Helios Fairfax Partners. Prior to this, Temitope was a principal at TPG Capital. After beginning his career at the Walt Disney Company as an M&A and corporate development analyst, he went on to serve on the boards of various corporate enterprises. Temitope is currently a member of the MIT Corporation, the MIT School of Engineering Dean's Advisory Council, the Harvard Law School's Dean's Advisory Board, and on the board of the END Fund.

EXTERNAL PUBLIC APPOINTMENTS

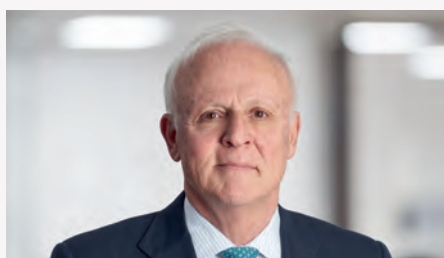
Helios Towers plc – non-executive director
Positions at a number of Helio's portfolio companies, including Mall for Africa, Zola Electric, OVH Energy and Axxela

NATIONALITY



3 Previously a supervisory board member of Vivo Energy Holding B.V. (the former Group holding company).

SENIOR EXECUTIVE TEAM



A CHRISTIAN CHAMMAS



B JOHAN DEPRAETERE



C DOUG LAFFERTY



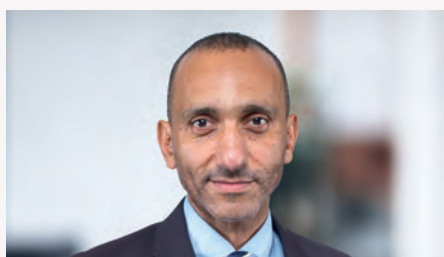
D HANS PAULSEN



E FRANCK KONAN-YAHAUT



F ERIC GOSSE



G OMAR BENSON



H HERMAN NIEUWOUDT



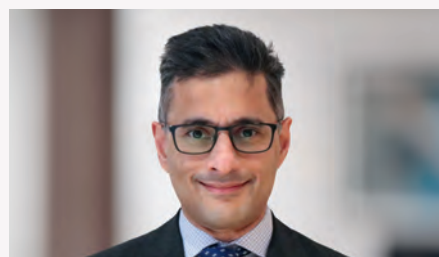
I MEHDI ABAGHAD



J NAOUFEL AISSA



K REINETTE WESSELS



L ADRIAN DE SOUZA

A CHRISTIAN CHAMMAS

CHIEF EXECUTIVE OFFICER

See Christian's biography on page 78.

D HANS PAULSEN

EVP EAST AND SOUTHERN AFRICA

Hans is the EVP East and Southern Africa, a role he has held since 1 July 2019. Prior to his current role, Hans served as the Group Programme Manager leading the SAP implementation project for the Group. Hans joined Vivo Energy in 2013 as Managing Director Uganda.

Before joining Vivo Energy, Hans held senior management roles in the telecoms sector both in Uganda and Zambia. He also previously worked in the oil and gas industry with Royal Dutch Shell in Uganda and Kenya from 1997 to 2002.

NATIONALITY



G OMAR BENSON

EVP SALES AND MARKETING

Omar is the EVP Sales and Marketing, a role he has held since January 2021. During 2020 he was Acting EVP Sales and Marketing, before being permanently appointed to this role.

Prior to this Omar has held various other senior positions at Vivo Energy, including Head of Fuel Retail from 2013 and adding Convenience Retail from 2015. In 2018 he was appointed VP Retail, CR, QSR and ONFR. Prior to joining Vivo Energy Omar held various roles at Shell where he spent 11 years and before that Omar worked for Air Liquide, Mobil Oil and Copharmed.

NATIONALITY



J NAOUFEL AISSA

VP LUBRICANTS & COMMERCIAL

Naoufel is the VP Lubricants & Commercial, a role he has held since July 2017. Prior to this, Naoufel held various senior roles at Vivo Energy, including Head of Lubricants from July 2015 and Managing Director, Tunisia until July 2015.

Naoufel transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. He has over 15 years' experience including various sales and marketing roles in Shell globally and throughout Africa. Naoufel held the role of Managing Director for Shell Tunisia from September 2009.

NATIONALITY



B JOHAN DEPRAETERE

CHIEF FINANCIAL OFFICER

See Johan's biography on page 78.

E FRANCK KONAN-YAHAUT

EVP WEST AFRICA

Franck is the EVP West Africa, a position he has held since February 2019. Franck previously held the positions of Managing Director, Shell Côte d'Ivoire and Burkina Faso Cluster; Managing Director, Côte d'Ivoire, before taking up his previous role of Managing Director, Senegal in September 2014. Franck transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. Franck joined Royal Dutch Shell in 1996 from PwC, and following a number of years as finance manager in Guinea, Ghana and West Africa, he moved to West Africa Gas Pipeline Company in the Shell upstream business as general manager Finance and Administration.

NATIONALITY



H HERMAN NIEUWOUDT

CHIEF OF STAFF

Herman is the Chief of Staff for the Group, a role which he has held since September 2018. Prior to this he was the Vice President Human Resources, a position he held since the inception of Vivo Energy. He is primarily responsible for executive compensation and resourcing and the Chairman's and CEO's office.

Herman transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. During his 17 years with Shell he held various roles including downstream policy and compensation manager for the Africa region and general manager HR for Shell Oil Products Africa. Herman joined Shell in 1995 from Dulux South Africa where he was the head of HR for the industrial coatings division.

NATIONALITY



K REINETTE WESSELS

VP HUMAN RESOURCES

Reinette is the VP Human Resources, a position she has held since September 2018, having joined the Group in October 2013 as Head of Talent and Development. Reinette is responsible for providing strategic leadership and direction for the HR Function across the Group.

Prior to joining the Group, as an independent consultant, Reinette provided specialised consulting to a number of listed companies in the areas of reward and talent management strategies and deployment. Her knowledge and experience of the human resources field spans a period of 29 years, across a number of diverse sectors, including holding various generalist, specialist and executive HR positions at British American Tobacco, where Reinette worked for 12 years and as remuneration consultant at Old Mutual for seven years.

NATIONALITY



C DOUG LAFFERTY

CHIEF FINANCIAL OFFICER DESIGNATE

See Doug's biography on page 78.

F ERIC GOSSE

EVP BUSINESS DEVELOPMENT, SUPPORT AND INDIAN OCEAN ISLANDS

Eric is the EVP, Business Development, Support and Indian Ocean Islands, a position he has held since January 2019. Eric is responsible for business development and projects, supply and sourcing (fuels), distribution, power and solar, technical audit, technical and engineering and HSSEQ.

Eric joined the Group from Total where he held various senior positions over the course of more than 25 years. He brings a wealth of commercial and industry experience to the Group.

NATIONALITY



I MEHDI ABAGHAD

VP RETAIL

Mehdi is the Vice President for Retail, a role he has held since October 2020. Prior to this Mehdi was the Retail Manager in Morocco where he successfully grew and developed the service station network and Retail offer in that market.

Mehdi has more than 20 years' experience in the industry. Before joining Vivo Energy, Mehdi was the Commercial Manager for Shell Morocco and before that he worked as the Commercial and Export Director for Nexans and as a trader for the investment bank Upline Securities.

NATIONALITY



L ADRIAN DE SOUZA

GENERAL COUNSEL

Adrian is the Group's General Counsel, a role he has held since July 2020. He is responsible for the Group's Legal, Ethics, Compliance and Company Secretarial functions and has extensive experience working for listed and multinational companies across a number of sectors.

Adrian qualified as a solicitor in 1997, working in private practice with Hogan Lovells and Clifford Chance before joining SABMiller plc.

Adrian then became General Counsel and Company Secretary at the FTSE 100 company Land Securities Group plc, a position he held for five years, before taking a similar role at a Goldman Sachs private equity business. Before joining the Group, Adrian was Company Secretary at Barclays Bank UK plc.

NATIONALITY



DIVISION OF RESPONSIBILITIES

THE ROLE OF THE BOARD

An effective board comprises of a diverse group of individuals, each contributing different experiences, skills and backgrounds enabling the board as a whole to provide challenge, informed opinions and advice on strategy and relevant topics.

Collectively, the Board is responsible for promoting the long-term success of the Group by setting strategic priorities, generating value for stakeholders and ensuring that the Group continues to contribute to wider society. In particular, the Board is responsible for reviewing opportunities and maintaining effective risk management and internal control systems.

As is normal for large companies, the Vivo Energy Board relies on Executive Management to run the business with the Board monitoring management activities and holding them to account against targets and standards. The Board discharges some of its responsibilities directly while others are discharged through its principal Board Committees and through management. In order to retain control of key decisions and ensure there is a clear division of responsibilities between the Board and the running of the business, the Board has a clear framework for determining the matters within its remit including an agreed schedule of Matters Reserved for the Board and has approved Terms of Reference for the matters delegated to its Committees. The Terms of Reference and the schedule of Matters Reserved for the Board are available on our website.

All Committee Terms of Reference were revised during the year. No changes to the schedule of Matters Reserved for the Board were deemed necessary in 2020.

The Board's reserved matters include:

- Group strategy;
- Governance and regulatory compliance;
- Financial reporting;
- Major capital commitments;
- Major contracts and agreements;
- Internal controls;
- Significant remuneration changes;
- Stakeholder engagement;
- Material corporate transactions;
- Assessing and monitoring the culture of the Group;
- Ensuring effective arrangements to engage with employees; and
- Ensuring effective whistle-blowing arrangements are in place.

OUR GOVERNANCE STRUCTURE



Following each Committee meeting the Chair of the Committee provides an update to the Board, detailing decisions made and key matters discussed. Copies of the Committee minutes are circulated to all Board members to the extent appropriate.

BOARD AND COMMITTEE ATTENDANCE

The Board has a comprehensive annual programme of meetings to monitor and review strategy across all the elements of the Group's business model. In 2020 five Board meetings were scheduled. Additional meetings were held as and when required, for example to consider the bond issue and the appointment of Doug Lafferty. The Chairman ensures that regular meetings are also held with the Non-Executive Directors without the presence of the Executive Directors.

In the spring, during the first height of the COVID-19 pandemic, the Board received weekly updates from management on developments, the Group's response and actions taken.

All Directors are expected to attend all Board and relevant Committee meetings unless prevented from doing so by illness or conflict of interest. Senior executives below Board level are invited, when appropriate, to attend Board meetings to make presentations on the results, opportunities, deep dives and strategies relating to their operating units.

Board agendas are carefully planned to ensure that sufficient time and consideration are given to the Group's strategic priorities and key monitoring activities as well as reviews of strategic issues. In advance of each meeting, papers and relevant materials are provided to Directors via a secure web portal which also provides access to a library of relevant information about the Company and Board procedures. Directors unable to attend specific Board or Committee meetings are asked to provide comments in advance and if necessary follow up with the relevant Chair of the meeting.

Since the outbreak of the COVID-19 pandemic, Directors have been able to participate in meetings using secure virtual meeting technology. The following table shows the attendance of Directors at scheduled Board and Committee meetings during the year:

Board		Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee
John Daly	5/5	n/a	2/2	5/5
Christian Chammas	5/5	n/a	n/a	n/a
Johan Depraetere	5/5	n/a	n/a	n/a
Hixonia Nyasulu	5/5	5/5	2/2	5/5
Javed Ahmed ¹	5/5	n/a	1/2	n/a
Temitope Lawani	5/5	n/a	n/a	n/a
Carol Arrowsmith	5/5	5/5	2/2	5/5
Christopher Rogers	5/5	5/5	2/2	5/5
Gawad Abaza	5/5	5/5	2/2	5/5

Notes:

The maximum number of scheduled meetings held during the year that each Director could attend is shown next to the number attended. Additional meetings were held as required. Minutes of Board and Committee meetings are made available to all Directors.

¹ Javed Ahmed was unable to attend one Nominations and Governance Committee meeting due to a conflicting business engagement.

2020 BOARD ACTIVITY

During the year the Board has considered all relevant matters within its remit, including the following:

STRATEGY AND FINANCE

- Continued the review of the Group's long-term strategy
- Considered the Group's plan for 2021-2025
- Monitored the Group's performance against the annual plan for 2020 and approved the annual plan for 2021 after taking into account management's revised assumptions and outlook for the year
- Reviewed and considered whether a final dividend for 2019 should be made
- Reviewed and approved the 2020 interim dividend recommendation
- Reviewed and approved the preliminary and interim results announcements
- Received and considered COVID-19 updates and the Group's response
- Considered and approved the issuance of \$350 million of senior notes
- Considered and discussed the Group's ESG strategy
- Reviewed the Group's solar project and discussed alternative energies
- Mozambique and Zimbabwe deep dives

PEOPLE AND CULTURE

- Reviewed senior management succession plans and the Group's internal talent pipeline
- Received reports from the nominated Employee Engagement Champion
- Received a report from the VP HR on the output of the Employee Pulse Survey
- Received and considered the first annual culture report
- Received Health & Safety updates
- Approved Doug Lafferty's appointment
- Approved the Company's Modern Slavery Statement

GOVERNANCE, COMPLIANCE AND RISK

- Reviewed and approved the 2019 Annual Report and Accounts and Notice of AGM
- Undertook an assessment of the effectiveness of the Group's risk management and internal controls framework, which concluded that they remain effective
- Reviewed and approved the terms of reference of the Board's Committees to ensure these are aligned with the 2018 Code
- Received updates on the 2018 Code and its implementation
- Received regular Investor Relations reports
- Considered the output of the 2020 Board Effectiveness Review

STANDING AGENDA ITEMS

- Received reports from the Chief Executive Officer
- Received reports from the Chief Financial Officer
- Received Investor Relations updates
- Received updates from the Board's Committees
- Reviewed and approved the previous meeting minutes

DIVISION OF RESPONSIBILITIES CONTINUED

THE BOARD'S COMMITTEES AND THEIR ROLES

The Board has established three principal Committees: the Audit and Risk Committee, the Nominations and Governance Committee and the Remuneration Committee. Each Committee has its own terms of reference approved by the Board which are available on our website. Membership of each Committee is determined by the Board on the recommendation of the Nominations and Governance Committee. The Board structure is set out on page 82. In addition to the principal Committees, the Board is also supported by the Market Disclosure Committee and the Employee Engagement Champion Committee.

The membership, roles and duties discharged during 2020 for each Committee is detailed in their respective Committee reports on pages 87 to 112.

In 2020 an Employee Engagement Champion Committee was set up. The Committee's primary function is to assist the nominated Employee Engagement Champion on furthering employee engagement and understanding and listening to employees' views and suggestions. Further details are provided on page 89.

The Market Disclosure Committee ensures the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London and Johannesburg Stock Exchanges are met. This includes the timely and accurate disclosure to the market of all relevant information.

The Market Disclosure Committee meets at such times as is necessary or appropriate. The members of the Committee are the Chairman, Chief Executive Officer, Chief Financial Officer, Group Financial Controller, General Counsel and Head of Investor Relations.

In addition to the oversight provided by the Board and its Committees, the Executive Directors are supported by the Senior Executive Team which helps them discharge their duties. The Senior Executive Team comprises the senior leadership team, who have management responsibility for the business operations and support functions. The Senior Executive Team supports the Executive Directors in the discharge of their duties. The membership of the Senior Executive Team can be found on pages 80 and 81. The Senior Executive Team holds regular meetings and relevant matters are reported to the Board by the Chief Executive Officer and, as appropriate, the Chief Financial Officer.

DIRECTORS

Led by the Chairman, the Board of Directors comprises four Independent Non-Executive Directors, two Executive Directors and two representatives from our major shareholders, Vitol and Helios. Together, they ensure high standards of governance and bring a broad range of skills and experience to our business. All Directors are encouraged to use their independent judgement and to constructively challenge all matters, whether strategic or operational.

All Directors are required to devote sufficient time and to demonstrate commitment to their role. There is a process for the approval of any additional external appointments for the Executive Directors or Independent Non-Executive Directors. All additional appointments are to be approved by the Board in advance of such appointments being accepted.

During 2020 the Board approved Carol Arrowsmith's appointment to Centrica plc and Gawad Abaza's appointment to Gama Transformation Consultancy LLC. These appointments were not considered to unduly affect Carol or Gawad's time commitment to the Company, nor impair their ability to serve as Directors of the Company. Following an internal review, it was confirmed that no conflict of interest would arise through either of these additional appointments.

In addition to the above appointments, the Board also noted that during 2020 John Daly stepped down from the Board of Gambian plc and Gawad Abaza stepped down from the Mondelez International and Cadbury Nigeria plc Boards.

Further information on the skills and experience, Committee membership and other appointments of each Director can be found in their individual biographies on pages 78 and 79.

INDEPENDENCE

With the exception of Javed Ahmed and Temitope Lawani, the Non-Executive Directors were considered to be independent on appointment and are still considered to be independent, in accordance with the criteria outlined within the 2018 Code. They are considered free from any business interest, which could materially interfere with the exercise of their judgement. In addition, the Board is satisfied that each Non-Executive Director dedicates the necessary amount of time to the Company's affairs and to their role.

The Board has agreed that each Director shall stand for appointment or reappointment as appropriate at each AGM. All Independent Directors are appointed and reappointed by a dual vote, where the approval of shareholders excludes the major shareholders.

In accordance with the respective relationship agreements, should either of the two shareholder nominated Directors not be reappointed by a vote at the AGM, the respective shareholder would be entitled to nominate them for reappointment to the Board.

Copies of the Executive Directors' service contracts and letters of appointment for the Non-Executive Directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office.

CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they may have interests which conflict with those of the Company. The Board has adopted procedures as provided for in the Company's Articles of Association for authorising existing conflicts of interest and for the consideration of, and if appropriate, authorisation of new situations which may arise.

A register setting out each Director's interests is maintained and records both Javed Ahmed's and Temitope Lawani's appointments on behalf of the Company's major shareholders. In addition, where a Director holds directorships or other similar appointments in companies or organisations not connected with the Company where no conflict of interest has been identified, such appointments are registered as potential conflicts and are authorised and recorded.

As good practice, the Chairman requests each of the Directors to declare any conflict of interest at each Board meeting.

In line with best practice, the roles of our Chairman and Chief Executive Officer are separate, clearly defined and set out in writing. The role profiles have been approved by the Board and are available on our website. The key roles of our Board are set out below:

CHAIRMAN

The Chairman's primary role is to lead the Board and ensure that it operates effectively. In particular, he sets the Board's agenda and promotes a culture of open discussion and debate between Executive and Non-Executive Directors. He also has a pivotal role in ensuring effective communication with shareholders and other stakeholders and ensures that the members of the Board are kept aware of the views of the major investors.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer develops the Group's strategic direction for consideration and approval by the Board and represents the Group to external stakeholders. He is responsible for running the business of the Group and ensuring the delivery of the strategy agreed by the Board. The CEO does this in close collaboration with, and with the support of, the Senior Executive Team.

CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for providing strategic financial leadership, establishing financial planning and maintaining adequate internal controls over financial reporting, representing the Group to external stakeholders as well as the day to day management of the finance function. In addition to the finance function, IT and procurement functions also report to the Chief Financial Officer.

SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director is an Independent Non-Executive Director of the Board. This role provides advice and additional support and experience to the Chairman and where necessary, performs an intermediary role for other Directors. The Senior Independent Director leads the annual appraisal and review of the Chairman's performance and is available to respond to shareholder concerns when contact through the normal channels is inappropriate.

The Senior Independent Director is also the Board's nominated Employee Engagement Champion.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's deliberations and overall decision-making process, providing independent challenge, and monitoring the delivery of the strategy within the Board's risk and governance framework.

COMPANY SECRETARY

It is the responsibility of the Company Secretary to ensure that there are good information flows to the Board and its Committees. The Company Secretary advises the Board on corporate governance and best practice and assists the Chairman in ensuring that the Directors have a suitably tailored and detailed induction and ongoing professional development programmes. The removal of the Company Secretary is a matter for the Board as a whole.

All Directors have access to the advice and services of both the Group General Counsel and the Company Secretary. Directors may take independent legal and/or financial advice at the Company's expense when it is deemed necessary in order to discharge their responsibilities effectively. No such independent advice was sought during the year to 31 December 2020.

COMPOSITION, SUCCESSION AND EVALUATION

BOARD AND COMMITTEE EFFECTIVENESS REVIEW

An effective Board is vital to the success of Vivo Energy and, in order to ensure that the Board continues to operate as efficiently as possible, in line with current best practice and the 2018 Code, the Board undertakes a formal review of its performance and that of its Chair and Committees each year, with an external evaluation every three years. This year, the Chairman, with the support of the Company Secretary, facilitated an internal evaluation of Board and Committee effectiveness. As an internally-facilitated review was also conducted in 2019, it is expected that the 2021 review will be conducted externally.

THE BOARD EVALUATION PROCESS

The 2020 process was undertaken in three stages:

STAGE 1	STAGE 2	STAGE 3
<p>The Chairman and Company Secretary reviewed last year's process and created a comprehensive online questionnaire. This sought the Directors' views on a number of topics such as Board composition and performance, diversity, succession planning, risk management, financial reporting and controls and the performance of the Board's Committees. The questionnaire was designed to also evaluate progress versus the prior year's improvement suggestions as well as to assist in identifying focus areas for 2021. Respondents completed the questionnaires confidentially and the results were collated and reported without attribution.</p> <p>A complementary questionnaire drafted by the Senior Independent Director was also issued covering the Chairman's performance.</p>	<p>Responses to all questions were sent to the Chairman and responses on the effectiveness of the Committees were also submitted to the respective Committee Chairs. The results of the evaluation process were reviewed by the Board and the Committees at their respective meetings in December 2020.</p> <p>The Chairman also provided individual feedback to each Director on their individual performance.</p> <p>The Senior Independent Director led the review of the Chairman's performance and held a meeting with Directors without the Chairman present to discuss the results of the review before providing feedback to the Chairman.</p>	<p>The Board reviewed the report and considered the recommendations. The Chairman in conjunction with the Company Secretary will develop a plan of action to improve areas highlighted by the evaluation over the forthcoming year.</p>

Findings

The conclusions of the 2020 effectiveness review were positive and confirmed that the Board continues to operate effectively benefiting from positive dynamics, strong engagement and a collegiate boardroom culture that allows for open discussion and constructive challenge. The Chairman continues to provide robust, effective and considerate leadership to the Board and each Director continues to contribute effectively. In addition, the Committees were all confirmed to be operating in an effective manner.

The Directors felt that, with the exception of operating unit visits, all improvement suggestions from 2019 had received attention from the Board and its Committees during the year. Nevertheless, the Board felt that it would benefit from further time spent on considering and discussing succession plans and the internal talent pipeline during 2021. Visits to the Group's operating units will also recommence as soon as it is safe to travel again.

The opportunities identified for the Board to further improve its effectiveness over the next year, included:

- Additional focus on understanding the interests of the Group's stakeholders;
- Improving the Board's understanding of key competitors and markets;
- Allocating more time to strategy with increased focus on future trends and alternative energy;
- Continued focus on key risks and risk appetite; and
- Continuing the programme of Board visits to the Group's operating units.

These key areas would guide the development of the Board's objectives for 2021.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

JOHN DALY
CHAIRMAN



INTRODUCTION

This has been a busy year for the Committee, which continues to establish itself within the business.

The key areas of activity have been the search for our new Chief Financial Officer, succession planning for our senior management, diversity across the business and the formation of an employee committee to assist the Group's Employee Engagement Champion to perform her role more effectively.

ROLE OF THE COMMITTEE

The Committee reviews the executive and identified senior leadership and succession needs of the organisation and ensures that appropriate procedures are in place for nominating, training and evaluating Directors. In particular, the Committee reviews the size, structure and composition of the Board in the context of the current and future needs of the business and makes recommendations to the whole Board.

It is also responsible for considering and monitoring changes in the governance environment promulgated by its various stakeholders and adopting the relevant aspects in a way that promotes efficient, effective and entrepreneurial management for the long-term success of the Company.

MEMBERSHIP

During the year under review, the following were members of the Committee:

- John Daly – Chair
- Gawad Abaza
- Javed Ahmed
- Carol Arrowsmith
- Hixonia Nyasulu
- Christopher Rogers.

All of the members are independent Non-Executive Directors, with the exception of Javed Ahmed who is deemed not to be independent by virtue of his appointment by Vitol. Their biographies appear on pages 78 and 79.

In addition to its Members, the Committee Chair invites other Non-Executive Directors, the Chief Executive and Executive Vice President, Human Resources to attend meetings, as appropriate. The Company Secretary, Chief of Staff and General Counsel have standing invitations to attend.

MEETINGS

The Committee met twice during the year, and considered the following:

- The establishment of the Employee Engagement Champion Committee and feedback from its meetings
- The search for and appointment of the Group's new Chief Financial Officer
- Succession planning for Directors and senior managers
- Diversity within the Group and initiatives for the improvement of gender diversity
- Governance around the impact of climate change
- A corporate governance update
- Employee survey results
- Updated terms of reference.

BOARD APPOINTMENTS

All appointments are subject to a formal, rigorous and transparent process. The Board supports the provisions of the Voluntary Code of Conduct for Executive Search firms. It will only engage executive search firms that are signatories to this code, which includes the adoption of measures designed to improve ethnic and gender diversity on boards.

The Committee reviews the terms of appointment for all Directors and makes recommendations to the Board.

During the year, the Board made one appointment, Doug Lafferty, who joined the Company as its Chief Financial Officer designate on 1 February 2021. Details of the process around his appointment are set out on page 89.

BOARD DIVERSITY

The Board adopted a new diversity policy in 2019. This formally recognises the value diversity brings to the Board and aims to promote the recruitment of people who are diverse in terms of ethnicity, age, skills, background, gender and perspective.

The Committee is aware of and supports the Parker and Hampton-Alexander initiatives. The Company comfortably meets the Parker recommendation of having at least one Director from an ethnic minority background, with four Directors meeting that criteria. The Board is very conscious that the Company has not met the Hampton-Alexander target for gender diversity, with 22% of the Board consisting of women at year end, against a target of 33%.

The Committee is absolutely committed to meeting this target, while also cognisant of the difficulty of achieving this in the short term. As the Company was listed relatively recently, in 2018, the Non-Executives are relatively early in tenure and there are no plans to increase the size of the Board. In addition, two Non-Executives are appointed by large shareholders. The Committee will continue to keep gender diversity under review and look for opportunities to appoint more women in the future, while always selecting the best candidate for every role.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT CONTINUED

Shareholders should not assume that the failure to meet this target means the Board lacks diversity. The conversations, perspectives, challenge and insights shared around the Board table are those of a very diverse group of people. The Board's Directors are drawn from eight different nationalities. They have experience working across a number of industries and territories that complement our business. The Directors have had executive careers in a broad range of industries including FMCG, Energy, Engineering, Marketing, Commodities, Professional Services, Corporate Finance, and General Management and many of them have experienced significant regulation and change. The Board has given great consideration to this mix, which is essential to the advancement of its strategy and given the nature of the business and the diverse range of cultures and territories in which the Group operates.

In particular and to support the Group's strategy, several members of the Board have experience in advancing community initiatives in a number of settings, have significant financial and operational skills to help improve financial discipline and offer advice on efficient operating structures.



We're building a diverse organisation to ensure the business has the right talent to deliver against the Group's strategy."

JOHN DALY
COMMITTEE CHAIR

Others have experience in operating in high growth, performance-driven cultures and help management to address issues that arise in the advancement of the Group's strategy.

Details of diversity among our senior management, their direct reports and the Group more widely can be found on page 51.

SENIOR MANAGEMENT SUCCESSION PLANNING

The Committee discussed succession planning and received a detailed report on diversity among senior managers and their direct reports. Management recognised that this is an area which requires improvement and took the Committee through a series of initiatives that would address the imbalance in the short, medium and longer term. The Committee has agreed with management that this is a critical issue for the business in the coming year and beyond and will carefully monitor progress.

CONFLICTS OF INTEREST

The Board operates a policy to identify and, where appropriate, manage any potential conflicts of interest that Directors may have. The Nominations Committee monitors the situation and determines the actions necessary to address potential conflicts of interest.

In the year under review, no new conflicts of interest were noted.

INDEPENDENCE AND RE-ELECTION TO THE BOARD

The independence, effectiveness and time commitment for each of the Non-Executives have been reviewed. The Committee was satisfied with the contributions of all Directors.

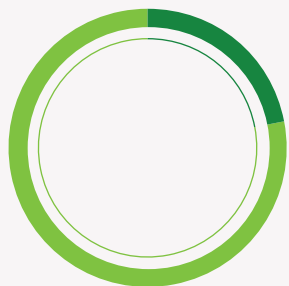
The Company received feedback from some investors outlining concerns as to whether the nature of some Non-Executives' external commitments meant they had insufficient time available to properly perform their duties for the Company. While the Committee has always been confident that all Non-Executives have been fully committed to the Company and had sufficient time, the past year has seen a reduction in the number of outside appointments.

John Daly and Chris Rogers resigned from one external non-executive position each and Gawad Abaza retired from his executive role at Mondelez International.

During the year, Carol Arrowsmith took on an additional non-executive appointment at Centrica plc and Gawad Abaza began his own consultancy business. The Board considered the likely time commitments for each role, whether they would negatively impact on their roles with the Company and whether any conflicts of interest would arise. The Board was satisfied on all of these matters and approved the new positions prior to Carol and Gawad taking them up.

In addition, the Committee re-considered all external appointments of Directors (including the Chairman) in terms of their time requirements and potential conflict of interests. The Committee is satisfied that each Director will be in a position to effectively discharge their duties in the coming year.

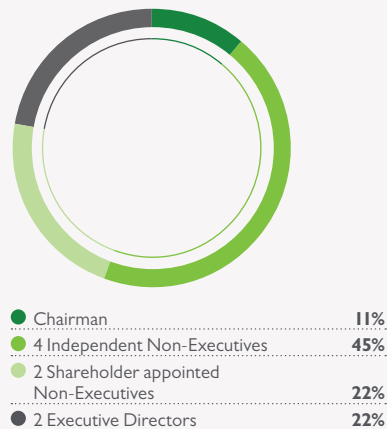
BOARD DIVERSITY



BOARD TENURE



BOARD INDEPENDENCE



All figures are as at year-end.

The Committee also considered whether those Non-Executives designated as independent last year remain so and confirms that they do. Accordingly, for the purposes of the 2018 UK Corporate Governance Code, the Board as a whole is independent.

Shareholders will be asked to appoint Doug Lafferty at the Annual General Meeting in May and Johan Depraetere will retire from the Board in early March 2021. The other Directors will stand for re-election, with the support of the Board.

GOVERNANCE

The Committee oversees the governance agenda on behalf of the Board and considers papers and proposals issued by governments, regulatory bodies and investor groups and their application to the Group. It ensures that the decisions taken by the Board and its delegated Committees are made in the best interests of the Company and that they address any wider implications that may affect stakeholders.

In the year under review, the Committee received a presentation on governance proposals from stakeholders. This presentation covered the short and medium term as well as trends likely to affect the Company in the longer term, and its approach to adopting the appropriate governance proposals. A presentation on additional governance requirements reflecting best practice in climate change reporting was received by the Committee and referred to the whole Board for consideration. Details of the impacts of climate change on the Group and its approach to mitigating them can be found on pages 54 to 57.

NEW EMPLOYEE ENGAGEMENT COMMITTEE

In 2019, the Board appointed its Senior Independent Director, Hixonia Nyasulu, as its Employee Champion.

Hixonia worked with the Group's Vice President: Human Resources, Reinette Wessels, to put together a structure that would enable her to connect with as many colleagues as possible in the context of significant restrictions on travel. A committee of seven people was established, comprising of Hixonia and Reinette, together with representatives drawn from each of five regions.

Terms of Reference were put in place, which ensured the committee was not just a conduit of views from the workforce to the Board, but also a means of relaying the Board's messages to colleagues.

At its first meeting, the committee satisfied itself that members were able to effectively collect and present the views of all colleagues. The Committee will monitor its progress in this regard.

During the year, engagement was encouraged via existing colleague suggestion boxes, regular town hall meetings held with staff, breakfast meetings held with local Managing Directors, an employee survey, the results of which feature on page 51 and other channels tailored to individual businesses and countries. The committee also reviewed detailed statistics on health and safety.

Priorities for 2021 have been set, together with metrics to measure progress. These centred around the full 2021 Employee Engagement Survey, Staff Turnover, Diversity and Inclusion and Mental Health. The regional representatives will also launch other initiatives to solicit the views of colleagues, including a new e-suggestion box.

COMMITTEE EFFECTIVENESS

As set out on page 86, the Committee reviewed its own effectiveness based on responses to a questionnaire. Members asked for another meeting to be added to the plan for the year and that the focus be on diversity, particularly gender diversity, executive succession and the Group's talent pipeline.

Overall, the feedback was positive and the Committee concluded that it operated effectively.

JOHN DALY CHAIRMAN



DOUG LAFFERTY
CHIEF FINANCIAL OFFICER DESIGNATE

THE APPOINTMENT OF OUR NEW CHIEF FINANCIAL OFFICER DESIGNATE

During the course of the year the Group's Chief Financial Officer, Johan Depraetere, informed us of his intention to stand down from his position. Johan has been with the business since April 2011 and has been an excellent Chief Financial Officer. He indicated that he was able to give the Board as much time as it needed to find a first class replacement and facilitate an orderly handover.

The Board and Committee had previously considered executive succession planning, both formally and informally. This preparation meant that the search process could begin quickly, and a meeting was held to confirm the role specification and to decide which of the pre-screened executive search firms to instruct.

The Committee appointed Spencer Stuart to lead the search. The firm was chosen on the basis of the strength of its Chief Financial Officer practice, as well as its understanding of the business and culture gained from its recruitment of several Non-Executives during the IPO process. Spencer Stuart has no connection with the individual Directors or the Company, other than to provide recruitment services.

The key search criteria were to identify candidates with considerable experience in large international organisations with exposure to emerging markets and who had worked successfully across a wide range of cultures. They would be required to demonstrate experience of leading change, driving results, strong commercial orientation, leading people from a range of backgrounds and a commitment to strong governance.

The Committee was very conscious of the need to improve gender diversity on the Board and required Spencer Stuart to ensure their shortlist included a number of female candidates.

Spencer Stuart conducted the search, considering internal and external candidates from a number of different countries and sectors. Their initial work identified almost 300 finance professionals, with that number then reduced to the 48 who best met the criteria. The list was reduced further until 17 profiles were introduced to the Company, of which nine formed the shortlist and were interviewed. The shortlist was specifically drafted with gender diversity as a key aim.

The candidates followed a rigorous process, run by the Chairman and Chief Executive. The candidates met the Chief of Staff and Executive Vice President, Human Resources and had individual meetings with the majority of the Board. The calibre of candidates was very high. Although the Committee had targeted the appointment of a female, Doug Lafferty was the outstanding candidate and we are delighted that he agreed to accept our offer to join the Board.

AUDIT AND RISK COMMITTEE REPORT

CHRISTOPHER ROGERS
COMMITTEE CHAIR



ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The primary role of the Audit and Risk Committee ('Committee') is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the:

- Integrity of the financial and narrative statements of the Company, including its full year and half-year reports, preliminary results announcements and any other formal announcements relating to its financial reporting information;
- Assumptions or qualifications in support of the going concern and long-term viability statements;
- The robust assessment of emerging and principal risks facing the Group as well as the adequacy and effectiveness of the Group's internal control and risk management systems;
- The Group's internal financial controls system to identify, assess, manage and monitor financial risks;
- Effectiveness of the Internal Audit function at least annually;
- Ensure the Head of Internal Audit has direct access to the Board Chair and the Committee Chair; providing independence from the executives and accountability to the Committee;
- Relationship with external auditors, including reviewing the independence, objectivity and effectiveness of the audit process, taking account of relevant professional, regulatory and ethical guidance;
- The appointment, reappointment and removal of the external auditor and making a formal recommendation to the Board;
- Processes for compliance with laws, regulations and ethical codes of conduct;
- The adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and
- The Directors' duties in relation to the Companies Act and various other applicable governance codes.

The terms of reference, which outline the Committee's responsibilities, are reviewed on an annual basis and approved by the Board. The Committee's amended terms of reference in 2020 can be found on the Group's website: www.vivoenergy.com.

The Committee promptly reports concerns to the Board in the event it is not satisfied with, or believes that an action or improvement is required concerning any aspect of financial reporting, risk management and internal control, compliance or audit-related activities.

This year the Committee placed particular focus on the following key areas:

- Impact of COVID-19 on risk management, corporate reporting, the going concern and long-term viability assessment;
- Identification and assessment of a new principal risk factor; Epidemic, as a result of COVID-19;
- Regulatory and accounting considerations of the bond issuance; and
- Operating effectiveness and reliance on information technology general controls specifically relating to SAP S/4HANA.

COMMITTEE STRUCTURE

The Committee continues to remain in compliance with the 2018 Code. During the year, there had been no changes to the composition of the Committee. All members remain Independent Non-Executive Directors. The Committee has a balanced mix of commercial, financial and audit knowledge, with the Chairman of the Committee, Christopher Rogers, meeting the requirements of recent, relevant financial experience. The biographies of all Committee members can be found on page 79.

COMMITTEE MEETINGS

During 2020, the Committee held five scheduled meetings, of which two meetings were held virtually due to the restrictions of COVID-19. Further meetings were held on 3 February 2021 and 26 February 2021, the latter to approve the 2020 Annual Report and Accounts. Details of attendance by members at Committee meetings can be found on page 83. The Committee Chairman extended Committee meeting invitations to the Chief Financial Officer, Company Secretary, General Counsel, Group Financial Controller and Head of Internal Audit during the year, which were accepted by all parties. The external auditor was invited and attended all meetings.

The Committee meets regularly with the external auditors and the Head of Internal Audit in private to discuss any issues which may have arisen.

The Committee keeps the Board informed of its activities and recommendations, with the Committee Chair providing an update after every Committee meeting detailing activities of the Committee including the recommendations and matters of particular relevance. The Board reviews and discusses key matters of the Committee meetings at the Board meetings. All recommendations set forth by the Committee, to the Board, in 2020 were accepted.



During these unprecedented times we worked closely with management to assess shifts in strategic priorities and business activities, to understand and oversee the impact on the financial statements, and maintain the integrity of our financial reporting.”

CHRISTOPHER ROGERS
COMMITTEE CHAIR

COVID-19

The Committee has considered the range of implications that the COVID-19 pandemic has had on risk management and corporate reporting in the period. The key considerations have been summarised below.

PRINCIPAL RISK FACTORS

The impact of COVID-19 on the Group's principal risk factors have been reviewed in-depth together with related mitigations. The Epidemic principal risk factor considers the risk of prolonged impacts from the COVID-19 pandemic, new and recurrent epidemics that may have dramatic effects on the population, economies and security. The Committee recognised and considered the impact of climate change on the Group's financial reporting and considered the disclosure in the 2020 Annual Report and Accounts to be appropriate. Further information on the Groups principal risk factors can be found on pages 62 to 69 in the Strategic Report.

FINANCIAL REPORTING

Areas of financial reporting

The Committee and management have factored the impact of COVID-19 on accounting estimates and judgements, notably impairment testing. Refer to pages 147 and 176 for further information on accounting estimates and judgements.

In addition, the Group has reviewed the amounts provided against receivables and loans for expected credit losses, taking into account the potential for increased losses due to the economic impact of COVID-19.

Given the nature of our operations this did not result in a significant impact on the overall expected credit losses for the Group.

The financial close process and external audit

In response to governmental advice and restrictions regarding social distancing and travel, the Group's employees involved in the preparation of management information, financial reporting and supporting the external audit have been mostly working from home, as have the external audit teams. This has required teams to identify a different way of working during the financial close process. Financial system users who work remotely have the required access including access to software tools for the collation of audit evidence. Despite the challenges faced through remote working, the Group has met all reporting deadlines without the need for an extension in the publishing of the consolidated financial information.

COMMITTEE ACTIVITIES

FINANCIAL DISCLOSURE

The Committee reviewed the half-year and annual financial statements published for the 2020 financial year. Specific consideration was given to the clarity of disclosures including the impact of COVID-19, integrity of the financial reporting process, compliance with legal and financial reporting standards and the application of existing and new accounting policies and judgements. The Committee concluded the accounting policies, judgements and estimates are appropriate and balanced.

The Committee endorsed the Annual Report and assessed it to be fair, balanced and understandable to shareholders. In making these assessments the Committee reviewed disclosures, discussed the requirements with senior management and inspected representations made to the auditors. Based on the Committee's endorsement a recommendation to the Board was made and following the review of the report as a whole, the Board confirmed the assessment and approved the publication of the 2020 Annual Report.

The Committee reviewed reports to support the going concern assumption and long-term viability of the Group and deemed the Group's statements on these topics to be appropriate. Note 2 of the notes to the consolidated financial statements, page 132, provides further insight into the going concern assessment. The Committee reviewed and approved the principal risk factors and their impacts. Further details on these areas can be found on pages 62 to 69 in the Strategic Report. The Committee is satisfied that the Annual Report clearly depicts the Group's strategy, business model, financial performance and positions.

The Committee considered the disclosure guidance provided by the Financial Reporting Council on COVID-19 and its impacts on corporate reporting, cash flow and liquidity, IFRS 15 'Revenue from contracts with customers', IFRS 16 'Leases', and other corporate governance topics.

Other disclosures and activities reviewed by the Committee were:

- Assessment of the Group's ongoing legal cases and regulatory investigations; and
- Changes and amendments in the International Financial Reporting Standards.

AUDIT, RISK AND CONTROL CONTINUED

Significant financial reporting judgements considered by the Committee were as follows:

Key judgements and estimates	Committee actions	Conclusions
GOODWILL IMPAIRMENT ASSESSMENT		
<p>Goodwill recognised from the acquisition business is subject to impairment testing.</p> <p>Key judgement areas surrounding the impairment assessment include the determination of the cash-generating units (CGU) and assumptions used in the calculation of the recoverable amounts of the CGU (including cash flow projections based on financial plans, discount rates and future growth rates).</p>	<p>The Committee assessed the following aspects of the goodwill impairment test:</p> <ul style="list-style-type: none"> – The impact of COVID-19 and environmental impacts; – The CGU level at which goodwill is monitored; – Assumptions in relation to terminal growth in the businesses at the end of the five-year plan cycle period; and – Sensitivity analysis on the discount rate and projected cash flows. 	<p>The Committee is in agreement with the appropriateness of the analysis performed by management, the judgements applied and the estimates used.</p> <p>The impact of COVID-19 has been considered to be temporary, with a delay in achievement of the Group's growth rate. The Committee recognised COVID-19 does not have a pervasive impact.</p> <p>The Committee concluded that the significant assumptions used for determining the recoverable amounts were appropriate and sufficiently robust.</p> <p>The Committee is satisfied that goodwill is not impaired. Further information on the impairment of goodwill can be found in notes 4 and 12 of the consolidated financial statements.</p>
OTHER GOVERNMENT BENEFITS RECEIVABLE		
<p>Other government benefits receivable are subsidies received from national governments for fuel sold as part of the Group's ordinary course of business.</p>	<p>The assessment of recoverability risk related to other government benefits receivable was considered by the Committee by taking into consideration the:</p> <ul style="list-style-type: none"> – Stability of the macroeconomic and political environment; and – Credit risk and governmental policy changes. 	<p>Based on the assessment, the Committee concluded that the receivables were properly stated and the level of provisioning was appropriate.</p>
TAX POSITIONS		
<p>Determining the Group's income and other tax positions requires interpretation of the tax laws in numerous jurisdictions. Resolution of uncertain tax positions can take several years to complete and can be difficult to predict. Therefore, judgement is required to determine the Group's income tax liability related to uncertain tax positions.</p>	<p>Considered the appropriateness of the key judgements and estimates in relation to the uncertain tax positions.</p> <p>Factors considered include the:</p> <ul style="list-style-type: none"> – Status of recent current tax audits and enquiries; – Results of previous claims; – Transfer pricing policies of the Group; and – Any changes to the relevant tax environments. 	<p>The Committee concluded that the related tax positions are appropriate. Further information on the tax positions can be found in note 4 of the consolidated financial statements.</p>
VIVO ENERGY PLC (COMPANY) IMPAIRMENT TEST		
<p>The Group determines the recoverable amount of investment in subsidiaries where a trigger for impairment is identified.</p> <p>Market capitalisation of the Company is currently below its carrying value. In accordance with IAS 36 'Impairment of assets' and in light of the COVID-19 crisis, this was the triggering event for the impairment assessment.</p> <p>Key judgment areas surrounding the impairment assessment include the assumptions used in the calculation of the recoverable amounts such as cash flow projections based on financial plans, discount rates and long-term growth rates.</p>	<p>The Committee assessed the following aspects of the impairment test:</p> <ul style="list-style-type: none"> – The impact of COVID-19; – Assumptions used, specifically the discount rate and terminal growth; and – Sensitivity analysis on the discount rate and terminal growth. 	<p>The Committee concluded that the assumptions used for determining the recoverable amounts were appropriate and sufficiently robust.</p> <p>The Committee is satisfied that the investment in Vivo Energy Holding B.V, held by the Company, is not impaired. Further information on the impairment assessment can be found in note 2 of the Company financial statements.</p>
INTERNAL CONTROLS AND RISK MANAGEMENT		
<p>The Committee is tasked with the responsibility of reviewing and assessing risks, their impact and ensuring that appropriate controls are designed and implemented to mitigate these risks. The Group's risk assessment process and the way in which significant business risks are managed remains a key area of focus for the Committee, the Internal Audit and Internal Controls functions.</p>	<p>The risk register is one of the key components of the risk management structure, which covers the regular ongoing identification, assessment, mitigation and management of risks and is monitored regularly by the Committee.</p> <p>The areas of focus remain largely unchanged and address both the current and emerging risks of the Group. In 2020, the Group further elaborated its risk management framework through the deployment of an additional bottom-up risk assessment process at local operating unit level.</p>	<p>Details relating to the principal risks and uncertainties of the Group as well as the mitigating controls can be found in the Strategic Report on pages 62 to 69.</p> <p>The Committee further reviewed the internal controls of the business as a whole. The internal control framework is intended to manage rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement.</p>

The Committee completed its review of the effectiveness of the Group's system of internal controls and risk management. The review covered the full year up to the date of this Annual Report. There are no significant weaknesses or instances of significant control failure identified during the year. The Group's resilience and response to the impact of events in 2020, in particular the COVID-19 crisis, confirmed the robustness and responsiveness of the risk management framework. Given the strong and adaptable processes in place the Committee is confident in its conclusion of the effectiveness of the internal controls and risk management system and has reported this opinion to the Board.

INTERNAL AUDIT

The Committee has reviewed and approved the internal audit plan and the progress of audits performed for the year. The Committee was regularly updated on the actions taken and status of the audit recommendations. Internal audit findings including remedial action plans were presented and discussed in detail with the Committee. There is continuous communication between the Head of Internal Audit and the Chair of the Committee to ensure that all the information required by the Committee to perform its duties are made available.

The Internal Audit function has adapted its approach to cope with the travel restrictions and border closures in Africa throughout 2020. A SAP-based audit methodology has been deployed which improved our remote auditing capability.

Following the review done by the Committee, the Internal Audit function's resources have been strengthened, in particular, through the on-boarding of a SAP audit resource which increased the audit capacity on SAP general controls and change management.

The Committee considers the experience and expertise of the function appropriate to address all categories of risk within the business. The Internal Audit function's performance was assessed against the approved internal audit plan. The Committee concluded that the Internal Audit function was effective for the year and is satisfied that the scope, extent and effectiveness of the internal audit activities were appropriate.

ETHICS AND COMPLIANCE

WHISTLE-BLOWING AND FRAUD

We have a confidential whistle-blowing helpline for employees, contractors, customers and other third parties to raise ethical concerns or questions. During 2020, a mandatory whistle-blowing training was launched to raise awareness around reporting concerns of misconduct. The Ethics and Compliance Committee closely monitored the numerous COVID-19 donations made during the year to ensure the relevant approvals were obtained. Furthermore all KYC procedures were performed for those donations which exceeded the Group's KYC threshold.

EXTERNAL AUDIT

INDEPENDENCE

The Committee reviewed the auditor independence policy which is designed to safeguard the continued independence of the external audit firm. The policy sets out:

- The audit fee;
- Oversight of audit firms who perform audit services; and
- Audit-related and non-audit services provided to the Group.

The Committee assesses the independence of the external auditor on an ongoing basis. PwC have confirmed to the Committee their independence in accordance with the Ethical Standard for Auditors issued by the Financial Reporting Council (FRC).

External auditors are prohibited from providing all but certain non-audit services as directed by the FRC Revised Ethical Standard 2019. Any approved non-audit services with fees exceeding the threshold set to identify trivial services or which are not stipulated within the policy must be reviewed and approved by the Committee.

The external auditor is only considered for non-audit services in instances where they have the most appropriate technical skills and expertise.

AUDIT FEES

On an annual basis, the Committee reviews the audit fees, resourcing and terms of the engagement. On a quarterly basis, the Committee reviews the non-audit services provided by the auditor.

The Committee is responsible for overseeing the process of approving all non-audit services provided by the external auditor. In doing so, it ensures the objectivity and independence of the auditor is safeguarded. Prior to approval, consideration is given to whether it is in the interest of the Company that the services are purchased from PwC instead of another supplier. For the 2020 financial year, the total amount paid to PwC for non-audit services does not represent a significant portion of their total revenues.

In 2020, the Group incurred total fees of \$3.0 million (2019: \$3.9 million) to PwC. Of this total, \$2.4 million (2019: \$3.0 million) related to audit work and \$0.6 million (2019: \$0.9 million) to audit-related services. Audit fees are disclosed in note 7 of the consolidated financial statements.

APPOINTMENT AND EFFECTIVENESS

The Committee is tasked with the primary responsibility of overseeing the work performed by, and the relationship with PwC, the Group's external auditors since 2018.

Oversight by the Committee includes, but is not limited, to making the recommendation on the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis, involvement in fee negotiations, approving the statutory audit fee, the scope of the statutory audit and appointment of the lead audit engagement partner.

Nicholas Stevenson was appointed as lead partner in 2018 and will be subject to the mandatory partner rotation.

During the year, the external auditor had presented the 2020 financial audit plan. The audit plan included the proposed audit scope as well as the assessment of key audit risks. The scope of the audit was assessed and reviewed by the Committee to be appropriate.

The Committee reviewed the quality, cost and independence of the external audit and are satisfied with each of these elements. Senior finance personnel are required to complete the Group's auditor effectiveness review template which provides insight into various aspects of the audit and the quality of work performed by PwC. The Committee further considered its own assessment and feedback from senior finance personnel across the Group. Based on these reviews, the Committee concluded that there had been appropriate focus and challenge by PwC on the primary areas of the audit and that PwC had applied an appropriate level of scepticism and conducted the audit with the required level of skills and expertise. The Committee's recommendation to reappoint PwC as the Group's external auditor in 2020 was accepted at the Annual General Meeting held on 20 May 2020. The Committee further recommended to the Board that PwC be reappointed by shareholders at the Annual General Meeting on 18 May 2021.

A re-tender of the external audit by the Committee shall be in accordance with the Financial Reporting Council guidance. The tender process for audit-related engagements is initiated and approved by the Committee. The Committee confirms compliance with the provisions of the Competition and Markets Authority's Order for the financial year under review.

COMMITTEE EFFECTIVENESS

Each year the Board undertakes an evaluation of the performance of the Audit and Risk Committee. This provides an opportunity to identify efficiencies, maximise strengths and highlight areas for further development. Overall feedback provided by the Board was positive and the Committee is considered to be functioning effectively in meeting its objectives.

CHRISTOPHER ROGERS COMMITTEE CHAIR

2 MARCH 2021

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

CAROL ARROWSMITH
COMMITTEE CHAIR



DEAR SHAREHOLDER

On behalf of the Board I am pleased to present our Directors' Remuneration Report for 2020.

This Remuneration Report details how the current policy was implemented during 2020 and the decisions on remuneration for 2021.

COVID-19

As for most businesses, 2020 brought significant challenges for Vivo Energy. A strong start to the year was followed by a significant dip in our financial performance during the second quarter. Governments across Africa reduced social interaction and movement, which saw a reduction in demand for our products and services. Management moved swiftly to contain costs and focus operations on those areas where we could continue to trade, while also remaining mindful of how the business could emerge from the pandemic in as strong a position as possible.

HSSEQ is integral to how we operate and we continued with our relentless focus on it through the year, to ensure wherever possible the safety and well-being of our staff, our customers and the wider community. Among a number of initiatives we swiftly implemented hand washing and sanitising stations and screening protocols for the safety of our staff and customers. Blending capacity in our lubricant sites was also partly switched to the manufacture and distribution of hand sanitiser for the wider community and we also provided fuel to emergency service vehicles to help in the battle against COVID-19.

Financial performance recovered well in the second half as governments eased mobility restrictions and demand rapidly returned at our retail sites. During this second half management quickly focused on restoring competitiveness and creating a firm platform from which to grow; this can be seen in the improvement in market share compared to 2019 and the significant net total of service stations added. We have also been developing new and innovative ways of meeting the energy needs of our customers and we won our first solar contract providing a hybrid solar/fuel energy solution for a gold mine in Mali. We also successfully completed our inaugural bond transaction, securing stable long-term financing at lower cost. Following the continued recovery in trading through the third quarter, the Board declared an interim dividend of \$34 million, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid, rather than withdrawn.

Through all this we have not made any staff redundant nor put anyone on furlough. Nor have we taken advantage of any government financial support schemes.

PERFORMANCE AND REMUNERATION OUTCOMES FOR 2020

We have always used our incentive framework to align management's interests with those of our shareholders and provide an emphasis on those aspects of performance which support the resilience of our future success. This year is no exception, with the Remuneration Policy operating as intended.

We set ambitious financial performance targets for 2020, before the global nature of the pandemic was fully understood. Inevitably, even though our leadership team performed strongly throughout the year, curtailing costs, focusing on growth opportunities, building new revenue streams and ensuring the resilience of the business, we did not meet those ambitious targets. Therefore the 70% of the annual bonus based on the achievement of stretching financial targets did not pay out.

30% of our annual bonus is based on strategic and operational targets which are tailored to the contribution that can be made by the CEO and the CFO. As the year unfolded it was evident that some of these targets were not aligned with the interests of shareholders; accordingly, we replaced some more subjective non-financial targets with specific and measurable goals focused on restoring competitiveness and creating a platform for future growth. These objectives were based on our ability to grow market share and open new sites, focusing management on growth opportunities that would deliver sustained ongoing value for shareholders. We believe that this was a proportionate and logical approach to incentives, to ensure alignment between the management and our shareholders.

Very strong performance was delivered across all the strategic and operational targets, including an increase in Retail market share compared to 2019 in a number of our major markets, which make up over two thirds of the business, and the net total of service stations added was well ahead of plan. Consequently, we decided that this element of the bonus would pay out in full, resulting in an overall bonus payment of 30% of maximum.



Financial performance recovered well in the second half as governments eased mobility restrictions and demand rapidly returned."

CAROL ARROWSMITH
COMMITTEE CHAIR

The first of our awards under the LTIP is due to vest, based on performance to the end of 2020. Of the three performance measures: EPS, ROACE and Relative TSR, (weighted 40%, 40%, 20% respectively), the ROACE outcome was close to maximum at 19.67%, whilst EPS and Relative TSR did not meet their thresholds. The Committee chose not to make any adjustment to these outcomes; therefore, the award will vest at 37.4% of maximum. Vested awards will be subject to a two-year holding period.

In recognition of the performance leading up to the IPO, and to retain these individuals through the first years of the business post Admission, it was agreed prior to the IPO that one-off share awards would be granted to the Executive Directors and certain senior executives. The terms of these legacy awards were agreed with our two major shareholders prior to the IPO, were fully disclosed in the prospectus and have continued to feature in our Annual Reports. The third and final tranche of these awards will vest in May 2021. The Committee, in consultation with our two major shareholders, and taking into account the particularly strong performance in the second half of the year, approved a vesting level of 96.8%. Further details are set out on pages 103 to 104. These are legacy awards and will not be replicated in future years.

CHANGE IN CFO

We are delighted to welcome Doug Lafferty, whose appointment as CFO to succeed Johan Depraetere was announced in November last year. We are sad to be saying goodbye to Johan and owe him a great debt for the way he has led the finance function both before and since the IPO, and in particular thanks is due to him for all the work and insightful support he and his team have brought to our remuneration work. Johan's remuneration in relation to his departure is fully in line with our remuneration policy and details can be found on page 104 of the Directors' Remuneration Report.

Doug's remuneration package is also fully in line with our policy. No buy-out awards were made to Doug on appointment.

REMUNERATION FOR 2021

Our remuneration approach for 2021 remains aligned with our Policy and is intended to attract and retain performance orientated individuals of the right calibre to take our business forward. In line with our Policy, the Committee has made the following decisions with respect to the remuneration for Executive Directors in 2021:

- **Base Salary** – Christian's salary remains unchanged at £640,000 and Doug is appointed on a base salary of £400,000. Johan Depraetere's salary was £450,000.
- **Annual Bonus 2021** – The maximum opportunity remains unchanged at 200% for the CEO and 150% for the CFO. We have retained the same bonus measures as for previous years with adjusted EBITDA weighted 40%, gross cash profit weighted 30% and non-financial metrics weighted 30%. We believe that this continues to give us a good balance between top line growth, bottom line delivery and focus on strategic development areas for the business. Details of targets will be disclosed retrospectively in next year's report as they are commercially sensitive.
- **LTIP 2021** – The maximum award levels of 250% for the CEO and 200% for the CFO and the performance measures of EPS, ROACE and Relative TSR weighted 40%, 40% and 30% respectively remain unchanged. The Committee is still in the process of finalising targets for this award. However, we intend to publish details of the targets on the Company website ahead of the 2021 AGM.

REMUNERATION POLICY FOR THE WIDER WORKFORCE

The Committee continues to endorse and support the strong pay for performance ethos which runs across the entire organisation. It is very mindful of the great commitment that all our employees have shown throughout this difficult year and has had regular updates and briefings throughout the year on how employees have been coping during the pandemic. The Committee has oversight of the budget and the distribution of annual pay increases and it has been particularly mindful this year on how incentive plan performance has been measured and payouts determined to ensure that the immense effort that employees have put in is recognised and rewarded.

Bonus awards have been made in the wider organisation, with higher payouts in jurisdictions where business has particularly outperformed.

PRIORITIES FOR 2021

Our remuneration policy has been in place since the IPO in 2018. During 2021, we will be reviewing how well it has operated and what, if any, changes are appropriate, in particular to ensure it reflects corporate governance best practice and is aligned with shareholder interests. We welcome any input from shareholders as we develop our thinking and intend to consult with shareholders during 2021 on any proposed changes, with the revised policy being put to the vote at our AGM in 2022.

As part of this review, we will also ensure that the remuneration policies of our wider workforce remain aligned with our approach to executive and senior management remuneration.

This Directors' Remuneration Report will be put to an advisory vote for shareholders at the 2021 AGM on 18 May 2021. I am looking forward to meeting with shareholders during 2021, as we work on the review to our remuneration policy.

CAROL ARROWSMITH COMMITTEE CHAIR

2 MARCH 2021

AGM VOTING OUTCOMES

At the 2020 AGM, shareholders voted on the 2019 Remuneration Report. Shareholders approved the Remuneration Policy at the AGM in 2019.

	Number of votes 'For'	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'
Remuneration Policy (2019 AGM)	1,120,880,170	99.84%	1,785,050	0.16%	1,122,665,220	1,000
Remuneration Report (2020 AGM)	1,105,746,093	95.66%	50,124,535	4.34%	1,155,870,628	50

SUMMARY OF OUR APPROACH

5 WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

- 1 To remain a responsible and respected business in the communities in which we operate;
- 2 To preserve our lean organisational structure and performance-driven culture;
- 3 To maximise the value of our existing business;
- 4 To pursue value-accretive growth; and
- 5 To maintain attractive and sustainable returns through disciplined financial management.

OUR REMUNERATION PRINCIPLES

Our approach to remuneration is intended to reflect our core values and remain consistent with our vision to become the most respected energy business in Africa.

Maintain a highly performance-driven culture

Reflect our values – notably on risk, HSSEQ and good business practice

Reward for execution of strategy and align pay with shareholders' interests

Commitment to openness and transparency

VOLUME
Million litres

9,637

-7%

**SERVICE STATIONS
ADDED**
Net total

104

ADJUSTED EBITDA
US\$ million

360

-16%

**TOTAL RECORDABLE
CASE FREQUENCY**
Per million
exposure hours

0.10

REMUNERATION FOR EXECUTIVE DIRECTORS IN 2021

PAY ELEMENT	APPROACH	REMUNERATION FOR 2021
BASE SALARY	Fixed pay levels set at competitive levels with role-appropriate benefits.	Christian Chammas (CEO): £640,000
		Johan Depraetere (departing CFO): £450,000
		Doug Lafferty (incoming CFO): £400,000

BENEFITS

Benefits package includes private medical care cover, life assurance and annual medical screening. Pensions capped at 10% of salary, consistent with other UK employees.

ANNUAL BONUS

Incentive linked to short-term targets.

Maximum opportunity unchanged at:

CEO: 200% of salary

CFO: 150% of salary

Performance targets remain weighted at 70% on financial performance and 30% on non-financial performance.

Adjusted EBITDA 40%

Gross cash profit 30%

Strategic goals 30%

50% of any bonus achieved will be deferred in shares until the Executive Director has achieved their shareholding requirement.

The detailed targets for the 2021 bonus are deemed to be commercially sensitive as they are closely linked to our internal business plans and are therefore excluded from this report. However, the Committee intends to provide retrospective disclosure of targets in next year's Remuneration Report.

LTIP

Incentive linked to long-term priorities.

Maximum opportunity unchanged at:

CEO: 250% of salary

CFO: 200% of salary

Performance measures remain:

EPS: 40%

ROACE: 40%

Relative TSR: 20% vs FTSE 350 (excluding financial services)

Awards are expected to be made prior to the AGM and targets published on the Company's website.

Performance will be measured over a three-year period from 1 January 2021 to 31 December 2023. Awards will also be subject to a two-year holding period.

ADDITIONAL SAFEGUARDS

SHAREHOLDING

CEO has very significant shareholding in the Company.

Incoming CFO will be expected to build up a holding of 2x salary.

Shareholding guidelines apply for two years after stepping down from the Board.

DISCRETION AND JUDGEMENT

A key feature of the Directors' Remuneration Policy, to ensure pay reflects performance.

MALUS AND CLAWBACK

Provisions in place to prevent payments for failure.

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION COMMITTEE GOVERNANCE

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The Remuneration Committee operates with a delegated authority from the Board and is responsible for:

- Determining and agreeing with the Board the Remuneration Policy for the Executive Directors.
- Setting individual remuneration packages and terms and conditions for the Executive Directors and other senior executives.
- Reviewing and noting the remuneration trends and practices across the Company and taking these into account when reaching any decisions.
- Evaluating the achievement of performance conditions under the annual bonus and LTIP.
- Determining the Chairman's remuneration, though the Board itself determines the levels of fees for the Non-Executive Directors.

No individual is present when his or her remuneration is being determined.

MEMBERSHIP

All members of the Committee are Non-Executive Directors as defined by the Code.

Committee members

All members were appointed in May 2018, unless otherwise stated in their biographies on pages 78 to 79:

- Carol Arrowsmith – Chair
- John Daly
- Hixonia Nyasulu
- Christopher Rogers
- Gawad Abaza

MEETINGS

The Committee held five scheduled meetings during 2020, plus additional meetings as required. Details of attendance by members at Committee meetings can be found on page 83. The Committee normally invites the Chief Executive Officer; the Chief Financial Officer; the General Counsel, the Company Secretary and the Chief of Staff to attend appropriate elements of the scheduled meetings.

ADVISERS TO THE REMUNERATION COMMITTEE

Deloitte LLP were appointed as independent advisers by the Committee in 2018 following a competitive tender process. Deloitte are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during 2020 amounted to £40,350. Fees are based on hours spent. Deloitte LLP in the UK do not provide any further services to the Company. Carol Arrowsmith was formerly a partner at Deloitte LLP, retiring in May 2014. No other Directors have any connection with Deloitte LLP. The Committee is satisfied that the advice provided by Deloitte is independent.

In reaching decisions on both rewarding performance in 2020 and setting remuneration for 2021, the Committee was mindful of the UK Corporate Governance Code and considers that the remuneration framework appropriately addresses the following factors:

Clarity	The Committee believes that the remuneration framework provides clear and transparent disclosure in relation to our executive remuneration arrangements.
Simplicity	Remuneration arrangements for Executive Directors are well understood by participants and we have sought to clearly explain our approach to shareholders. The ongoing structure of executive remuneration consists of fixed pay, annual bonus award and the LTIP award.
Risk	The Committee believes that the structure of Executive Directors' remuneration does not encourage inappropriate risk-taking. Malus and clawback provisions also apply to both the annual bonus and LTIP award. The Committee also retains scope to exercise discretion to ensure outcomes are appropriate.
Predictability	Our remuneration policy contains detail of maximum opportunity levels for each component of variable pay.
Proportionality	The Committee believes that poor performance should not be rewarded. For both incentive awards, achievement requires performance against challenging performance targets.
Alignment to culture	The Committee believes that the framework is well aligned to the culture of the business, with performance measures for variable awards being aligned to the Company's wider strategy.

PAY IN THE WIDER WORKFORCE

When determining the approach to pay for the Executive Directors, the Committee is very mindful of pay and employment conditions for the wider employee base as this provides valuable context and ensures consistency in how pay principles are applied across the organisation.

As a Committee, we value the opinions of our people and take into consideration the wider workforce. During the course of the year, we conducted an employee engagement survey and local town hall meetings, encouraging employees to provide feedback. Whilst we do not directly engage with the workforce on the Directors' Remuneration Policy, we do have access to employee feedback on employment conditions across the organisation. Further detail on the Board's approach to engagement with employees is set out on page 89.

We are not currently required to disclose our CEO pay ratio, as there are less than 250 employees in the UK. However, the Committee does receive various briefings during the year on how pay and reward practices are operating, has oversight of the budget, its distribution for annual pay increases and how incentive plans are assessed and payouts determined.

SHAREHOLDER ENGAGEMENT

We are committed to an ongoing dialogue with our shareholders and welcome feedback in relation to our approach to Board remuneration.

As a Committee, we consult with our shareholders on a regular basis and appreciate their input and continued support. We consulted with our major investors prior to the adoption of the current Remuneration Policy. The Committee will undertake a review of the Remuneration Policy in the coming year in advance of seeking approval for a new policy at the 2022 AGM as part of the normal three-year renewal cycle. We intend to once again consult with our major shareholders in the coming months prior to the finalisation of the new policy in order to seek feedback on the key terms.

2020 DIRECTORS' REMUNERATION REPORT

This Directors' Remuneration Report (DRR) has been prepared on behalf of the Board by the Committee in accordance with the relevant requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

ANNUAL REPORT ON REMUNERATION

This section of the DRR sets out how the Policy has been applied in the year and how it will be applied in the coming year. In accordance with the legislative requirements, this DRR, along with the Remuneration Committee Chair's Statement, will be subject to an advisory shareholder vote at the 2021 AGM. Sections of this report that are subject to audit, in line with disclosure regulations, have been flagged below.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

EXECUTIVE DIRECTORS

The following table sets out the total remuneration for the Executive Directors for the year ended 31 December 2020.

Johan Depraetere is included as he worked throughout 2020. Doug Lafferty joined the Company on 1 February 2021, his remuneration package is in line with the Policy and is disclosed on page 105.

The first awards under the LTIP will vest in 2021 with the three-year performance period ending on 31 December 2020. Estimated values of these awards are included in the table. The table also includes details of the third and final tranche of the IPO Share Award which vests in May 2021. These legacy awards were agreed prior to the IPO, but have been included, consistent with the disclosures in the previous two years. No more awards have been or will be made under this legacy plan.

Full details of all legacy arrangements were set out in the Prospectus on Admission and in previous Directors' Remuneration Reports.

	Christian Chammas (£'000)		Johan Depraetere (£'000)	
	FY2020	FY2019	FY2020	FY2019
Salary	640	640	450	450
Benefits ¹	5	5	5	5
Retirement benefits ²	64	64	45	45
Total Fixed Pay	709	709	500	500
Annual bonus	384	936	203	494
Long-Term Incentive Plan ³	332	–	187	–
Legacy incentives: IPO Share Award ⁴	317	302	223	212
Total Variable Pay including Legacy Incentives	1,033	1,238	613	706
Total Pay	1,742	1,947	1,113	1,206
Less Legacy Incentives	(317)	(302)	(223)	(212)
Total: Less Legacy Incentives	1,425	1,645	890	994

1 The benefits consist of private medical cover. Directors also receive life assurance and have an annual medical screening.

2 The retirement benefits represent the Company's contribution to the Executive Directors' retirement planning at a rate of 10% of base salary. This benefit level is consistent with the level provided to other UK employees.

3 The first awards under the LTIP will vest in 2021. An estimated value of the awards vesting has been shown based on the average share price over the fourth quarter of 2020 (82.1p). No awards vested under the Long-Term Incentive Plan in 2018 or 2019, as the first awards under this plan were granted in 2018. The 2018 LTIP awards were formally granted on 8 August 2018 when the share price was 148 pence.

4 The third tranche of this legacy award will vest in May 2021. An estimated value of the third tranche of this award has been shown based on the average share price over the fourth quarter of 2020 (82.1p). The value of the second tranche, shown for 2019, has been restated based on the share price on the vesting date (78.6p). IPO share awards were formally granted on 18 May 2018, when the share price was 174 pence.

DIRECTORS' REMUNERATION REPORT CONTINUED

ANNUAL BONUS – 2020

The Executive Directors' annual bonus targets for 2020 were set against a combination of financial and non-financial performance measures.

The measures for financial performance were adjusted EBITDA and gross cash profit weighted at 40% and 30% of the bonus opportunity respectively. The remaining 30% was based on a number of strategic and operational objectives.

Details of the performance targets and the outcomes are set out below.

FINANCIAL PERFORMANCE – 70% OF THE AWARD

The financial targets for the bonus were set in February 2020 before the global impact of COVID-19 had become fully apparent and were therefore set assuming more favourable trading conditions. Although it became quickly apparent that the performance thresholds were no longer realistic in the light of unfolding circumstances, the Committee determined that the targets for this element of the bonus should remain unchanged.

Despite the external challenges, the business delivered a robust set of financial results as demonstrated by the Board's decision to declare an interim dividend of \$34 million, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid, rather than withdrawn. Financial results for the second half of the year were also ahead of market expectations. There remained a strong focus on protecting the health of our people, customers and communities across all operations. The Executive Directors, management teams and all employees have delivered outstanding performance, reflecting the ongoing resilience of the business model and positioning the Company for growth as the markets continue to recover.

Performance measure	% of element						Actual performance	
	10%	20%	40%	60%	80%	100%	Result	% of element
Adjusted EBITDA (40%)	\$434m	\$440m	\$450m	\$461m	\$475m	\$488m	\$360m	0%
Gross cash profit (30%)	\$755m	\$760m	\$771m	\$782m	\$796m	\$809m	\$697m	0%

STRATEGIC AND OPERATIONAL OBJECTIVES – 30% OF THE AWARD

In light of the quickly evolving priorities of the business, the objectives for the Executive Directors were adapted at the mid-year stage to ensure greater focus on positioning the business for growth after the pandemic. Objectives relating to a long-term business strategy were replaced with more specific targets linked to retail market share and net site additions. The Committee also determined that any payout under the non-financial element would be subject to the delivery of adjusted EBITDA of \$200 million in H2.

CHRISTIAN CHAMMAS		FINAL ACHIEVEMENT: 30%
Area	Focus	Outcome
Market Competitive Position	Drive the recovery in H2 with focus on improving market share	Retail market share increased across a number of our major markets compared with 2019. These major markets make up over two thirds of the business.
Growth Agenda	Deliver on plans for the expansion of the retail network	Retail network significantly increased, with 104 net new sites added by the end of the year, versus a stretch plan target of 100.
HSSEQ	Demonstrate focus on and personal leadership of the HSSEQ agenda, in particular the impact and response to COVID-19 on staff, customers and business partners	An outstanding HSSEQ year. All performance measures of TRCF, spills and consequential lost volume significantly exceeded in both Shell and Engen-branded OUs. Initiatives, including hand washing/sanitising stations and screening protocols, were swiftly put in place to protect both customers and employees and their ongoing safety was monitored constantly. Additional support was provided with the lubricant blending plants producing hand sanitiser and fuel was provided from our supplies for emergency vehicles.
Human Capital	Strengthen the senior leadership team with critical new hires and develop clear succession plans at next level down	New CFO was successfully hired, and a number of other key roles were also filled, in spite of the challenges in recruiting. Detailed succession plans are in place for the members of the Senior Executive Team and other critical roles, with regular reporting to the Nominations and Governance Committee.
Underpin	Adjusted EBITDA of \$200 million in H2	Adjusted EBITDA of \$220 million achieved in H2.

STRATEGIC AND INDIVIDUAL OBJECTIVES – 30% OF THE AWARD

JOHAN DEPRAETERE		FINAL ACHIEVEMENT: 30%
Area	Focus	Outcome
Market Competitive Position	Drive the recovery in H2 with focus on improving market share	Retail market share increased across a number of our major markets compared with 2019. These major markets make up over two thirds of the business.
Infrastructure Development	Complete the implementation of the new ERP system, ensuring integration of analytics and Engen upgrades	The new ERP system is now fully implemented and operational across all Shell-branded OUs, with Engen OUs on track for full deployment by the end of 2021. Analytics, dashboards and real-time reporting are embedded in the business and have been a critical management tool during the pandemic.
Financial Management	Optimise cost, capex and cash management with particular focus on H2	Led the inaugural bond offering through to successful completion, securing long-term finance at lower cost. Capex spend continued through the year in spite of the operational challenges and refinancing took place to offset potential impairments resulting from the oil price crisis.
Ethics & Compliance	Strengthen internal controls framework	All audit actions were addressed and resolved, with auditing now moved fully to being done remotely. There were no major control breaches during the year and the use of SAP in this area has now become a core activity.
Underpin	Adjusted EBITDA of \$200 million in H2	Adjusted EBITDA of \$220 million achieved in H2.

OVERALL OUTCOME

	Maximum Opportunity % of salary	Outcome	
		% of salary	£'000
Christian Chammas (maximum – 200% of salary)			
Adjusted EBITDA	80%	0%	0
Gross cash profit	60%	0%	0
Non-financial Objectives	60%	60%	384
Total	200%	60%	384
Johan Depraetere (maximum – 150% of salary)			
Adjusted EBITDA	60%	0%	0
Gross cash profit	45%	0%	0
Non-financial Objectives	45%	45%	203
Total	150%	45%	203

As noted above, the performance targets for adjusted EBITDA and gross cash profit were set to reflect a more positive economic environment. In spite of a strong performance through the year, ensuring the resilience of the business and building new income streams, the financial portion of the annual bonus, making up 70%, did not pay out. Management's focus on growing retail market share and the retail network has created a strong platform for creating sustainable ongoing value for shareholders. There was also out-performance of financial expectations for H2 and the Board was pleased to declare an interim dividend of \$34 million, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid, rather than withdrawn. The HSSEQ performance was outstanding and work on succession planning has brought in some key new hires and developed plans down the organisation. In addition the ERP system has become fully operational across the whole business, the balance sheet has been strengthened through the successful bond issue and audit controls were judged to be fully functioning. The Committee in particular noted that there had been a strong level of performance across strategic priorities, both those focused on growing the business during the year and those with a more long-term orientation, and therefore determined that the payout of 30% of the maximum bonus for both the CEO and the CFO represents a fair outcome.

As both Christian Chammas and Johan Depraetere have shareholdings which significantly exceed the shareholding guidelines, 2020 bonus awards are payable in cash and not subject to deferral, in line with the shareholder approved Remuneration Policy.

DIRECTORS' REMUNERATION REPORT CONTINUED

LONG-TERM INCENTIVE AWARDS

2018 LTIP AWARD

The performance period for the first award under the Long-Term Incentive Plan (LTIP) ended on 31 December 2020. The 2018 LTIP award was subject to EPS, ROACE and Relative TSR performance targets. The performance achieved in the three-year performance period and the consequent vesting levels are shown in the table below. The Committee reviewed the outcome of the awards in the context of the business performance over the three-year performance period and determined the vesting level of 37.4% was appropriate.

Any shares vesting are subject to a two-year holding period, which will ensure continued alignment with our shareholders.

2018 Awards	Weighting	Threshold (20% of award vests)	Target (50% of award vests)	Maximum (100% of award vests)	Achieved	% of award vesting
EPS Compound annual growth	40%	6%	8%	12%	<6%	0%
ROACE Weighted average over performance period	40%	16%	18%	20%	19.7%	37.4%
Relative TSR v. FTSE 350 (exc. financial services)	20%	Median	–	Upper quartile	Below median	0%
Total vesting level in respect of 2018 Awards						37.4%

The vesting of the 2018 award was heavily impacted by market conditions in 2020. However, the business has delivered very strong returns on capital over the last three years, while continuing to execute strategic goals. Financial trends for H2 were also more positive. In addition, the business has continued to deliver against key HSSEQ targets. Therefore the Committee is satisfied that the vesting levels are warranted.

LTIP AWARDS GRANTED IN 2020

Awards were made under the LTIP during 2020, on the same basis as for prior years. These awards were granted in the form of nil-cost options over Vivo Energy plc shares, with the number of shares that may vest conditional upon performance to the end of the 2022 financial year. Any shares vesting to Executive Directors will also be subject to an additional two-year holding period.

The 2020 LTIP awards are subject to performance targets based on earnings per share (EPS), return on average capital employed (ROACE) and relative total shareholder return (Relative TSR). The Committee determined that this mix of performance measures ensured focus on delivery of strategic and operational goals and management of capital within the business, which is a key strategic focus and aligns with shareholder value creation. Similar to comments noted above regarding the bonus, the targets for the 2020 LTIP were set before the global impact of the COVID-19 pandemic had become fully apparent.

Details of the performance measures with their weightings and targets are shown below:

2020 Awards	Weighting	NIL	20% of element vests	50% of element vests	100% of element vests
EPS Compound annual growth	40%	Less than 6% per annum	6% per annum	8% per annum	12% per annum
ROACE Weighted average over performance period	40%	Less than 16%	16%	18%	20%
Relative TSR v. FTSE 350 (exc. financial services)	20%	Below Median	Median	–	Upper-quartile

Note: There is straight-line vesting between the points shown in the table.

The following table provides details of the awards made on 11 March 2020:

Name	Number of shares awarded	Face value at grant (£'000)	End of performance period
Christian Chammas	1,454,548	1,367	31 December 2022
Johan Depraetere	818,183	769	31 December 2022

The Committee decided that, due to share price volatility in the period prior to the award being made, a share price of 110 pence would be used to determine the number of shares to be awarded. The closing share price on the grant date was 94 pence. For 2020 therefore, the awards to Christian Chammas represent 214% of base salary (250% in 2019) and awards to Johan Depraetere represent 171% of base salary (200% in 2019), based on the share price at the time of award.

LTIP AWARDS TO BE GRANTED IN 2021 (NOT AUDITED)

Awards will be made under the LTIP in 2021, in the 42-day window following the announcement of the preliminary results for 2020. These awards will be granted in the form of nil-cost options over Vivo Energy plc shares, with the number of shares that may vest conditional upon performance over a three-year period from 1 January 2021 to 31 December 2023. Any shares vesting to Executive Directors will also be subject to an additional two-year holding period.

The maximum level of award for 2021 will remain unchanged at 250% of base salary for the CEO and 200% for the incoming CFO.

Johan Depraetere will not be granted an LTIP award in 2021.

The intention is for awards to remain conditional on achievement of stretching performance targets based on EPS, ROACE and TSR as for the awards made in the three previous years.

The Remuneration Committee are still in the process of finalising targets for the 2021 awards. The current intention is that targets and full details of the 2021 awards will be published on the Company's website ahead of the 2021 AGM.

LEGACY INCENTIVES – IPO SHARE AWARDS (AUDITED)

As detailed in the Prospectus on Admission and in prior Directors' Remuneration Reports, it was agreed prior to the IPO that one-off share awards would be granted to the Executive Directors and certain senior executives (the 'IPO Share Awards') in recognition of the performance leading up to the IPO and to retain these individuals through the first years of the business post Admission. These awards were structured as nil-cost options to vest, subject to performance conditions, in three equal tranches on the first, second and third anniversaries of Admission. The terms of these awards, including award levels and performance criteria, were determined prior to Admission. The third and final tranche of this award will be eligible for vesting in May 2021. As previously disclosed these awards were one-off in nature and will therefore not be replicated in future years.

Prior to IPO it was agreed that each tranche of the IPO Share Awards would be subject to targets relating to gross cash profit and adjusted net income. These targets are equally weighted. The level of vesting is determined on a straight-line basis, calculated as a percentage of the hurdle that is delivered, with the minimum being zero and up to a maximum of 50% for each element. Although this approach is unconventional in the listed environment, the nature of the targets reflect the legacy nature of the arrangement that was agreed prior to listing. Shareholders will note that forward-looking LTIP awards are subject to more conventional performance criteria consistent with mainstream FTSE practices.

The targets for this tranche were gross cash profit of \$782 million and adjusted net income of \$180 million. The financial results for the purposes of the plan were gross cash profit of \$795 million and adjusted net income of \$168 million, and therefore this final tranche is expected to vest at 96.8% of maximum.

In line with the scheme documentation, adjustments were made to reflect certain one-off items and events occurring during the performance period including the impact of the Engen acquisition, adjustments related to COVID-19, and measures taken for the protection of the Company's inventory asset values (including legally required security stocks to mitigate the impact of movements in crude oil prices).

For the purposes of the single figure table, the amount shown is based on the number of shares expected to vest in May 2021 based on the average share price over the fourth quarter of 2020 (82.1 pence).

Following the vesting of this final tranche, there will be no further payments to Executive Directors under this legacy plan.

DIRECTORS' REMUNERATION REPORT CONTINUED

DETAILS OF LONG-TERM INCENTIVE AWARDS HELD BY EXECUTIVE DIRECTORS

LTIP

	Date of award	Share price for award ¹	Option price	Number of options held as at 31 Dec 2019	Number of options awarded during the year	Number of options exercised during the year	Number of options lapsed during the year	End of performance period	Number of options held as at 31 Dec 2020
Christian Chammas	8 Aug 2018	148p	nil	1,081,081	–	–	–	31 Dec 2020	1,081,081
	12 Mar 2019	131p	nil	1,222,420	–	–	–	31 Dec 2021	1,222,420
	11 Mar 2020	110p	nil	–	1,454,548	–	–	31 Dec 2022	1,454,548
Johan Depraetere	8 Aug 2018	148p	nil	608,108	–	–	–	31 Dec 2020	608,108
	12 Mar 2019	131p	nil	687,613	–	–	–	31 Dec 2021	687,613
	11 Mar 2020	110p	nil	–	818,183	–	–	31 Dec 2022	818,183

¹ 110p was the share price used to denominate the number of options awarded.

IPO SHARE AWARD

	Date of award	Share price at date of award	Number of shares held as at 31 Dec 2019	Number of shares vesting during the year	Number of shares lapsed during the year	End of performance period	Number of shares held as at 31 Dec 2020
Christian Chammas	18 May 2018	174p	399,287	384,035	15,252	31 Dec 2019	–
	18 May 2018	174p	399,286	–	–	31 Dec 2020	399,286
Johan Depraetere	18 May 2018	174p	280,748	270,024	10,724	31 Dec 2019	–
	18 May 2018	174p	280,749	–	–	31 Dec 2020	280,749

DEPARTURE TERMS FOR JOHAN DEPRAETERE

As announced on 25 November 2020, Johan Depraetere will leave the business at the end of his six-month notice period on 25 May 2021. He will remain a Director of the Company until 5 March 2021, after which he will step down from the Board. He will remain an employee and will support his successor, Doug Lafferty, until the end of his notice period.

In line with the shareholder approved Remuneration Policy, the Remuneration Committee has approved good leaver status for Johan in relation to his LTIP awards which will be outstanding when he leaves the Company. All awards will be treated in accordance with the plan rules and will remain subject to performance conditions and pro-rated for the period of employment. LTIP awards will be released on the normal date and remain subject to malus and clawback. He will be required to hold 200% of his base salary in shares for the first 12 months after his departure and 100% of his base salary for a further 12 months. Shareholding during this period will be monitored by the Company, and shares may only be sold with the prior consent of the Board Chair or by compulsory purchase.

The Committee has determined that Johan will be eligible to participate in the 2021 Annual Bonus Plan given that he will have been employed for the majority of the first half of the financial year. Any payout will be made after the end of the 2021 financial year and will be pro-rated for the period up until his departure from the organisation on 25 May 2021. As noted, Johan Depraetere will not receive an LTIP award in 2021.

Johan's salary and benefits will continue until he leaves the Company on 25 May 2021.

There are no payments in lieu of notice.

REMUNERATION PACKAGE FOR DOUG LAFFERTY

Doug Lafferty joined the Company and the Board on 1 February 2021 as Chief Financial Officer Designate and will be confirmed as Chief Financial Officer on 5 March 2021.

He was appointed on a base salary of £400,000 per annum. His incentive awards are in line with the Remuneration Policy, and the same as for Johan Depraetere, with maxima of 150% for the annual bonus plan and 200% for the LTIP award. He will be required to defer 50% of any bonus earned into shares until he reaches his shareholding requirement of 200% of base salary.

His benefits package is in line with his predecessor and the rest of the UK workforce, with a cash allowance in lieu of pension of 10% of base salary, four times base salary life assurance, family medical cover and an annual medical screening. His contract includes a six months' notice period.

There was no buy-out of existing long-term awards or bonus.

NON-EXECUTIVE DIRECTORS

The fees for the Chairman and Non-Executive Directors will be reviewed later in 2021, but currently remain unchanged since Admission in 2018. The fee structure for 2020 is shown below, and any change will be reported in next year's report.

Role	Fee
Chairman	£275,000
Basic fee for Non-Executive Directors	£62,500
Additional fee for Senior Independent Director	£15,000
Additional fee for Chair of a Board Committee	£15,000

The following table sets out the total remuneration for the Chairman and the Non-Executive Directors for the years ended 31 December 2020 and 2019.

Director	FY2020 £'000	FY2019 £'000
John Daly	275	275
Gawad Abaza	62.5	62.5
Carol Arrowsmith	77.5	77.5
Hixonia Nyasulu	77.5	77.5
Christopher Rogers	77.5	77.5
Javed Ahmed ¹	–	–
Temitope Lawani ¹	–	–
Total	575	575

¹ The Non-Executive Directors nominated by Vitrol and Helios, subject to the Relationship Agreement, do not receive any fees.

DIRECTORS' APPOINTMENT DATES

Director	Date of appointment
John Daly	20 April 2018
Christian Chammas	2 January 2012 ¹
Johan Depraetere	6 April 2012 ¹
Gawad Abaza	1 December 2018
Carol Arrowsmith	20 April 2018
Hixonia Nyasulu	20 April 2018
Christopher Rogers	22 April 2018
Javed Ahmed	12 March 2018
Temitope Lawani	16 March 2018

¹ Original appointment dates.

Non-Executive Directors are subject to annual re-election at the AGM as their service contracts have no fixed term. Christian Chammas and Johan Depraetere were appointed on rolling service contracts.

DIRECTORS' REMUNERATION REPORT CONTINUED

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

The table below sets out the Directors' and their connected persons' share interests in the ordinary shares of the Company. Executive Directors are expected to build up and maintain a shareholding of at least 200% of salary in Vivo Energy plc shares. This policy will apply to both the current Executive Directors as well as any future appointments to the Board.

As at the year end, both Executive Directors have interests in shares which substantially exceed the minimum shareholding guideline. There have been no changes in the interests of each Director between 31 December 2020 and the date of this report.

In line with the 2018 Code, the Committee has adopted a post-employment shareholding guideline. Following departure, Executive Directors will be expected to hold two times base salary for a period of 12 months, reducing to one times base salary for a further 12 months.

Director	Shares owned outright at 31 December 2020 ¹	Shares from IPO Cash Award ¹	IPO Share Awards (subject to performance conditions) ²	LTIP (subject to performance conditions)
John Daly	271,666	n/a	n/a	n/a
Christian Chammas	6,858,100	298,144	399,286	3,758,049
Johan Depraetere	5,319,104	223,195	280,749	2,113,904
Gawad Abaza	20,000	n/a	n/a	n/a
Carol Arrowsmith	37,878	n/a	n/a	n/a
Hixonia Nyasulu	22,000	n/a	n/a	n/a
Christopher Rogers	65,803	n/a	n/a	n/a
Javed Ahmed	n/a	n/a	n/a	n/a
Temitope Lawani	13,152,630	n/a	n/a	n/a

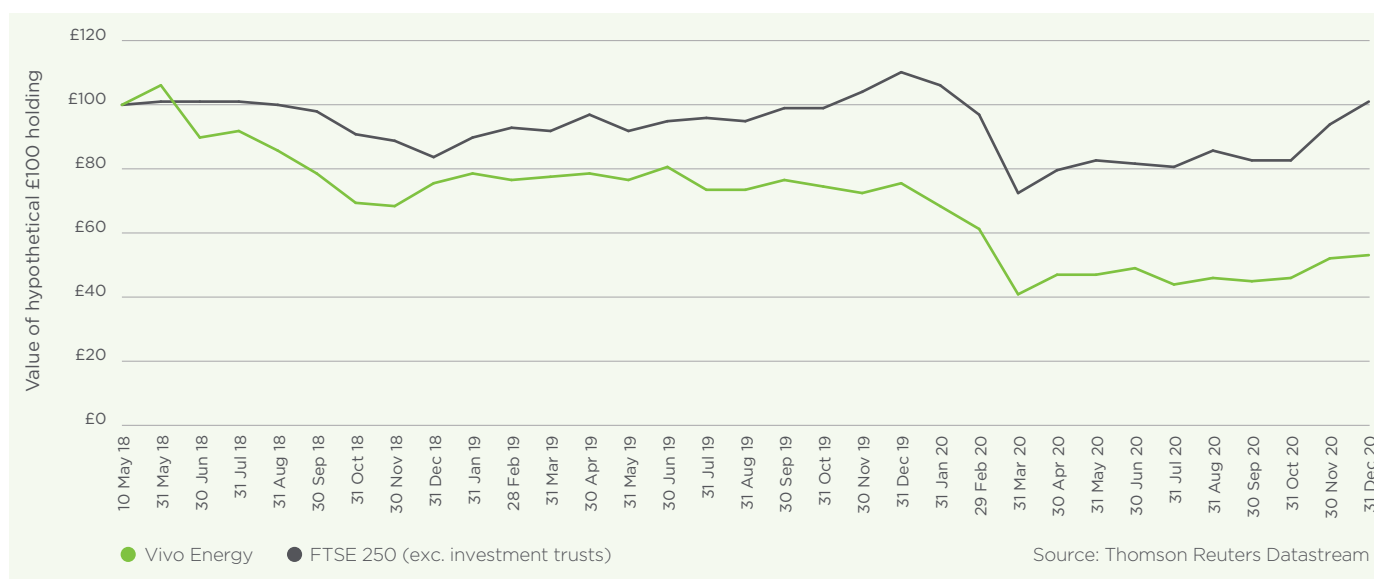
- As disclosed in the Prospectus, one-off cash awards were made to Executive Directors on Admission. The cash amount was communicated before Admission and the net amount was used to subscribe for shares at the IPO offer price shortly following Admission. Shares are released from the 'no-sale' agreement in three equal tranches on the first, second and third anniversaries of Admission. The shares shown are the final tranche and will be released in May 2021.
- As disclosed in the Prospectus, it was agreed prior to Admission that one-off share awards would be granted to Executive Directors shortly after the IPO. These awards, which were granted as nil-cost options, will vest, subject to performance conditions, in three equal tranches at the first, second and third anniversaries of Admission. The shares shown are the final tranche and will vest, subject to performance conditions, in May 2021.

DILUTION

The Company ensures that the level of shares granted under the Company's share plans and the means of satisfying such awards remain within best practice guidelines so that dilution from employee share awards does not exceed 10% of the Company's issued share capital for all employee share plans and 5% in respect of executive share plans in any 10-year rolling period. The Company will monitor dilution levels on a regular basis.

PERFORMANCE GRAPH AND TABLE

The graph below shows the TSR of the Company and the UK FTSE 250 index since the Admission of the Company to 31 December 2020. The FTSE 250 index was selected on the basis that the Company has been a member of the FTSE 250 in the UK since 24 September 2018.



COMPANY PERFORMANCE

The following table sets out the CEO's pay since Admission on 10 May 2018. The data for 2018 is therefore on a part year only basis.

£'000 CEO remuneration	2020	2019	2018
CEO single figure of remuneration	1,742	1,947	1,570
Annual bonus payout (% of Maximum)	30%	73%	72%
Long-term incentive vesting (% of Maximum)	37.4%	n/a	n/a
Legacy IPO share award vesting (% of Maximum)	96.8%	96%	99.96%

I Figures for 2018 were stated on a part year basis covering the period from Admission (10 May 2018) to 31 December 2018.

PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The table below shows the percentage change in the salary, benefits and bonus of the Board Directors between 2019 and 2020, compared with the percentage change for the same components of pay for employees of Vivo Energy plc who are based in the UK.

	Salary/fee % change	Benefits % change	Annual bonus % change
Executive Directors			
Chief Executive Officer	0%	0%	-59%
Chief Financial Officer	0%	0%	-59%
Non-Executive Directors			
John Daly	0%	n/a	n/a
Gawad Abaza	0%	n/a	n/a
Carol Arrowsmith	0%	n/a	n/a
Hixonia Nyasulu	0%	n/a	n/a
Christopher Rogers	0%	n/a	n/a
Javed Ahmed	n/a	n/a	n/a
Temitope Lawani	n/a	n/a	n/a
Average employee	2.9%	0%	-17%

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table shows the relationship between distributions to shareholders and the total remuneration paid to all employees for the years ending 31 December 2019 and 2020.

US\$ million	2020	2019	Change
Shareholder distributions	34	30	13%
Total employee expenditure	180	168	7%

Approved by the Board and signed on its behalf

CAROL ARROWSMITH
CHAIR OF THE REMUNERATION COMMITTEE

2 MARCH 2021

DIRECTORS' REMUNERATION REPORT CONTINUED

POLICY TABLE

The following sections are an extract from our Directors' Remuneration Policy ('Policy') has been provided below for reference. The full Policy, as voted on by shareholders at the AGM on 7 May 2019 can be found in the 2018 Annual Report and Accounts, which can be found on our website. The Policy will be reviewed during 2021 and presented to shareholders to vote on at the AGM in 2022. For the avoidance of doubt this section of the Report (pages 108 to 112) is not subject to a shareholder vote at the 2021 AGM.

FIXED PAY

BASE SALARY	
Purpose and link to strategy	Provides the fixed element of the remuneration package. Set at competitive levels against the market in order to attract and retain the calibre of executives required to execute the strategy.
Operation	Base salaries are normally reviewed annually. The Committee will consider various factors when determining salary levels, including individual contribution, business performance, role scope, practice in relevant talent markets and the range of salary increases applying across the Group.
Maximum opportunity	There is no maximum salary. However, salary increases for Executive Directors will normally be within the range of increases for the general employee population over the period of this Policy. Increases in excess of those for the wider employee population may be awarded in certain circumstances including instances of sustained strong individual performance, if there is a material change in the responsibility, size or complexity of the role, or if an individual was intentionally appointed on a below-market salary. In such circumstances, the Committee will provide the rationale for the increase in the relevant year's Annual Report on Remuneration.
Performance metrics	Not applicable.

BENEFITS	
Purpose and link to strategy	Benefits to be competitive in the market in which the individual is employed.
Operation	Can include Company benefits such as permanent health insurance, healthcare and life insurance. The Committee retains the ability to approve additional role appropriate benefits in certain circumstances (e.g. participation in all-employee share incentives, relocation allowances and expenses, expatriation allowances etc.).
Maximum opportunity	There is no maximum limit. However, role appropriate benefits are capped at a suitable level reflecting the local market and jurisdiction.
Performance metrics	Not applicable.

RETIREMENT BENEFITS	
Purpose and link to strategy	Provides benefits which enable executives to plan for retirement. Retirement benefits are designed to be cost effective and competitive in the market in which the individual is employed.
Operation	Defined contribution scheme (and/or a cash allowance in lieu thereof).
Maximum opportunity	The maximum defined contribution (or cash in lieu thereof) will be 10% of base salary. This is currently in line with retirement benefits provided to the rest of the UK employee population.
Performance metrics	Not applicable.

VARIABLE PAY

ANNUAL BONUS

Purpose and link to strategy	Incentivises the achievement of specific goals over the short term that are also aligned to the long-term business strategy.
Operation	<p>Performance measures are set by the Committee and are weighted to reflect a balance of financial, strategic and individual objectives.</p> <p>Following the end of the year the Committee reviews performance and determines the extent to which objectives have been achieved in order to determine the payout level.</p> <p>Executive Directors will normally be required to defer up to 50% of any resulting annual bonus into shares until the Executive Director meets the relevant shareholding requirement. The remaining balance of the annual bonus is paid in cash.</p> <p>Where bonuses are deferred into shares, dividend equivalents may accrue.</p> <p>Cash and share bonuses awarded for annual bonuses will be subject to malus and clawback.</p>
Maximum opportunity	<p>Maximum opportunity of 200% of salary. Currently a maximum opportunity of 200% of base salary applies to the CEO and 150% of base salary for the CFO.</p> <p>The payout for threshold performance may vary year-on-year depending on the nature and stretch of the target but will normally not exceed 25% of the maximum opportunity.</p>
Performance metrics	Bonuses for the Executive Directors may be based on a combination of financial and non-financial measures. The exact performance measures and targets for each financial year may be varied to reflect the priorities for the business. Financial measures will represent at least 50% of any award.

LONG-TERM INCENTIVE PLAN (LTIP)

Purpose and link to strategy	Aligns the interests of executives and shareholders by delivering shares to Executive Directors and other senior executives as a reward for delivery of long-term performance objectives aligned to the strategy.
Operation	<p>The Committee has the authority to grant awards under the LTIP to Executive Directors. Typically, they will do this every year. Awards are normally conditional on achievement of performance conditions assessed over three years. Awards to Executive Directors will normally also be subject to a holding period of two years post vesting. Details of the performance period and holding period will be disclosed in the Annual Report on Remuneration for the year in which the relevant award is made.</p> <p>Dividend equivalents may accrue on any shares that vest.</p> <p>Awards are subject to malus and/or clawback for a period of five years from the date of grant.</p>
Maximum opportunity	<p>The LTIP provides for a conditional award of shares (or economic equivalent) up to an annual limit of 250% of base salary. Under the plan rules an award of up to 300% of base salary can be granted in exceptional circumstances. The operating grant policy for the CEO and CFO is 250% and 200% of base salary respectively.</p> <p>The vesting level for the threshold performance hurdle may vary year-on-year depending on the nature and stretch of the target but will normally not exceed 25% of the maximum opportunity.</p>
Performance metrics	The vesting of awards is usually subject to continued employment and the Group's performance over the performance period. The Remuneration Committee will set the performance targets for each award in light of the appropriate business priorities at the relevant time.

SHAREHOLDING GUIDELINES

Purpose and link to strategy	Alignment of Executive Directors with shareholders.
Operation	Guidelines are 200% of base salary for all Executive Directors. Shareholdings are expected to be built up and maintained over the course of tenure. Directors are also expected to hold two times base salary in shares for a period of 12 months on leaving the Company, reducing to one times base salary for a further 12 months.

DIRECTORS' REMUNERATION REPORT CONTINUED

PERFORMANCE CRITERIA FOR INCENTIVES – SELECTING MEASURES, TARGET SETTING AND ASSESSMENT

Performance criteria for annual bonus and LTIP awards are designed to support the execution of the short-term and long-term business strategy and to provide alignment with our shareholders' interests. The combination of financial, strategic and individual objectives enables the Committee to achieve a balanced assessment of performance.

Performance targets for each award are intended to be suitably challenging, taking into account internal and external forecasts, as well as market conditions and the strategic ambitions and risk appetite of the Group. Outcomes at the maximum level are intended to represent exceptional performance.

Consistent with best practice, the Remuneration Committee will seek to ensure that outcomes from incentive plans suitably reflect performance. As well as exercising suitable judgement when assessing performance, the Committee may exercise discretion and make adjustments to any formulaic results, if the outcome is not considered to be appropriate or is not reflective of overall performance over the relevant period. When making this judgement, the Committee has scope to consider any such factors as it deems relevant in the circumstances. To ensure that awards continue to operate in the manner intended, the Committee may also adjust the targets for awards or the calculation of performance measures and vesting outcomes for certain events (e.g. major acquisition).

MALUS AND CLAWBACK

The annual bonus, LTIP and IPO Share Awards are subject to clawback in certain scenarios. Such scenarios include, but are not limited to:

- material misstatement of the Company's financial accounts;
- a material failure of risk management by the Company or any Group company;
- an error in calculation of any awards based on false or misleading information;
- gross misconduct by the relevant participant;
- any action or omission on the part of a participant resulting in serious reputational damage to the Company, any member of the Group; and
- a serious breach or non-observance of any code of conduct, policy or procedure operated by the Group.

RECRUITMENT POLICY

When determining remuneration for a new Executive Director, the Remuneration Committee will consider the requirements of the role, the needs of the business, the relevant skills and experience of the individual and the external talent market relevant to the role. Normally the Committee would seek to align the new Executive Director's remuneration package to the Remuneration Policy.

Base salary and benefits (including pension) will be determined in accordance with the policy table. If an individual is appointed on a base salary below the desired market positioning, the Committee retains the ability to re-align the base salary over time, reflecting development in the role, which may result in a higher rate of annual increase.

Where necessary, additional benefits may also be provided (e.g. relocation support, tax equalisation). In addition, for an overseas appointment, the Committee may offer cost effective benefits and pension provisions, which reflect local market practice and relevant legislation.

Notice periods in service contracts for any new appointment would not exceed 12 months.

Incentive opportunities (excluding any buy-out) will be consistent with the policy. As noted in the LTIP policy table, in exceptional circumstances a maximum LTIP award of up to 300% of base salary may be granted in accordance with the LTIP rules. The Company would provide clear disclosure regarding any such awards. The Committee may tailor the targets for initial incentive awards to reflect the circumstances on recruitment.

The Committee may consider buying out remuneration forfeited by an executive on joining the Company. Any such buy-out will be of comparable commercial value to the arrangements forfeited and capped as appropriate. When determining the terms of the buy-out award, the Committee may tailor the terms, taking into account the structure, time horizons, value and performance targets associated with arrangements forfeited. The Committee may also require the appointee to purchase shares in the Company in accordance with its shareholding policy. The Committee would subsequently provide suitable disclosure regarding any such award granted on recruitment to the Board.

Where an individual is appointed to the Board as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Committee retains the ability to honour any legacy arrangements agreed prior to the individual's appointment to the Board.

On the appointment of a new Non-Executive Chairman or Non-Executive Director, the terms and fees will normally be consistent with the fee policy.

EXECUTIVE DIRECTORS: SERVICE CONTRACTS AND LOSS OF OFFICE PROVISIONS

Notice Period	Six months' notice from the Company or the Executive Director.
Termination Payments	<p>The Company will also be entitled to terminate an Executive Director's service agreement with immediate effect by making a payment in lieu of notice, equal to (i) the base salary that would have been payable, and (ii) the cost that would have been incurred in providing the Executive Director with the contractual benefits which the Executive Director would have been entitled to receive during the notice period.</p> <p>The Company can alternatively, in its sole discretion, continue to provide such contractual benefits instead of paying a sum representing their cost.</p> <p>The payment in lieu of notice may be subject to mitigation and therefore payable in equal monthly instalments over the notice period, conditional on the relevant Executive Director making reasonable efforts to secure alternative employment or engagements.</p> <p>Certain benefits in connection with departure (e.g. legal costs, outplacement costs) may be payable in certain circumstances.</p>
Incentive Awards	<p>The treatment of incentive awards will depend on the circumstances of departure.</p> <p>Normally no bonus is payable if, on the date on which any bonus is paid, the Executive Director has (i) left the Company, (ii) given or received notice of termination, or is (iii) under suspension for disciplinary matters which could result in dismissal. In certain circumstances, the Committee may determine that a departing executive will retain the ability to earn a bonus award subject to performance and time pro-rating to reflect the period employed. Any bonus deferred into shares will normally be released at the end of the deferral period, unless the Committee determines otherwise.</p> <p>Unvested long-term incentive awards will normally lapse on termination, unless the Committee determines that an Executive Director is deemed to be a 'good leaver'. For good leavers, any unvested awards may run until the normal vesting date, with any vesting normally on a time apportioned basis and subject to the achievement of the performance conditions. If the Committee thinks there are circumstances that justify it, the Committee may release shares early, having regard to performance achieved to the date of leaving, if applicable.</p>
Restrictive Covenants	Executive Directors will be subject to a confidentiality undertaking without limitation in time, and non-solicitation and non-compete restrictive covenants for a period of 12 months after the termination of their employment.
Change of Control	No special contractual provisions apply in the event of change of control.
External Appointments	Executive Directors may accept up to one position as a Non-Executive Director of another publicly listed company, subject to prior approval from the Board. Any fees from such an appointment may be retained by the Executive Director. Executive Directors are not entitled to accept a position as an Executive Director in any company that is not a Group Company.

The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

DIRECTORS' REMUNERATION REPORT CONTINUED

LEGACY INCENTIVES AND IPO AWARDS

Details of legacy arrangements for the Executive Directors and other senior managers agreed prior to IPO were included in the Prospectus on Admission and also detailed in the 2018 Annual Remuneration Report. For the avoidance of doubt, they do not form part of the Remuneration Policy, as voted on by shareholders in 2019, and no further awards will be granted under these plans.

IPO CASH AWARDS

Operation In recognition of the significant contribution made prior to Admission, cash bonuses were paid to Executive Directors shortly prior to Admission (the 'IPO Bonuses').

The IPO Bonuses were conditional upon each of the Executive Directors using the after-tax amount to subscribe for shares at the Offer Price shortly following Admission. The Executive Directors subscribed for shares accordingly. The shares are subject to a 'no-sale' agreement of a maximum of three years from the date of Admission, with one third of the shares being released from the agreement on each of the first, second and third anniversaries of the date of Admission.

No further awards will be granted to Executive Directors under this plan.

IPO SHARE AWARDS

Operation Prior to IPO it was agreed that one-off awards would be granted under the 2018 IPO Plan as soon as practicable after Admission (the 'IPO Share Awards').

The IPO Share Awards were formally granted as nil-cost options over shares which will vest, subject to achievement of specified performance conditions. The performance targets relate to consolidated gross cash profit and adjusted net income. Awards are scheduled to vest in three equal tranches on the first, second and third anniversary of Admission. Dividend equivalents may accrue on any vested shares. Further details are set out in the Annual Report on Remuneration.

No further awards will be granted to Executive Directors under this plan.

NON-EXECUTIVE DIRECTOR REMUNERATION

Purpose and link to strategy To attract and retain high calibre individuals by offering market competitive fee arrangements.

Operation Non-Executive Directors receive a basic fee in respect of their Board duties. Additional fees are paid to Non-Executive Directors for additional Board responsibilities, including Chairmanship of Board Committees.

The Chairman receives an all-inclusive fee for the role.

The Remuneration Committee sets the remuneration of the Chairman, whilst the Board as a whole is responsible for determining Non-Executive Director fees. Fees are typically reviewed annually.

Where appropriate, role-appropriate benefits may be provided. This may include travel and other expenses incurred in the performance of Non-Executive duties for the Company, which may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits.

Maximum Opportunity Fee levels are capped in accordance with the Articles of Association.

Current fee levels can be found on page 105. Fees are set at a level, which is considered appropriate to attract and retain the calibre of individual required by the Company.

These fees are the sole element of Non-Executive remuneration and they are not eligible for participation in Group incentive awards, nor do they receive any retirement benefits.

The Chairman's appointment may be terminated at any time by either side by giving six months' written notice or in accordance with the Articles. The Non-Executive Directors' appointments may be terminated at any time by either side, giving one month's written notice or in accordance with the articles.

DIRECTORS' REPORT

The Directors present their Report and the audited consolidated and Company financial statements for the year ended 31 December 2020:

COMPANY DETAILS AND CONSTITUTION

Vivo Energy plc is a company incorporated in England and Wales with company number 11250655. The Company's Articles of Association (the 'Articles') may only be amended by a special resolution at a general meeting of the shareholders.

DIRECTORS' REPORT CONTENT

The Strategic Report, the Corporate Governance Report and Directors' Remuneration Report are all incorporated by reference into this Directors' Report and should be read as part of this Report.

STRATEGIC REPORT

The Strategic Report is a requirement of the Companies Act 2006 (the 'Act') and can be found on pages 2 to 70. The Company has chosen, in accordance with section 414C(11) of the Act, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report. Such information is referenced below.

MANAGEMENT REPORT

For the purposes of Disclosure Guidance and Transparency Rules ('DTR') 4, the Strategic Report and this Directors' Report on pages 113 to 115 comprise the Management Report.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement setting out how the Company complies with the 2018 UK Corporate Governance Code (the '2018 Code') is set out on pages 71 to 112. The information required by DTR 7.2.6R can be found on pages 113 to 115. A description of the composition and operation of the Board and its Committees is set out on pages 71 to 112.

DISCLOSURES REQUIRED UNDER LISTING RULE 9.8.4R

The information that fulfills the reporting requirements relating to the following matters can be found at the pages identified below.

Information	Location in Annual Report	Page(s)
Directors' compensation	Remuneration Report	94 to 112
Details of long-term incentive schemes	Remuneration Report	102 to 104

STAKEHOLDER ENGAGEMENT INCLUDING SECTION 172 STATEMENT

Details of the Company's stakeholder engagement practices and section 172 statement can be found on pages 42 to 45.

Further information is also available on pages 45 and 77 in respect of the Board's stakeholder engagement activities during the year.

GOING CONCERN AND VIABILITY

The going concern statement required by the Listing Rules and the 2018 Code is set out on page 70. The long-term viability statement is located on page 70.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 3 to the consolidated financial statements.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the Strategic Report and note 32 to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for monitoring the Group's system of internal control and risk management and for carrying out a review of its effectiveness. In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the provisions of the 2018 Code, including clear operating procedures, lines of responsibility and delegated authority.

Business performance is managed closely and the Board and the Senior Executive Team have established processes to monitor:

- Strategic plan achievement, through a regular review of progress towards strategic objectives;
- Monitoring and maintenance of insurance cover to adequately protect risk areas of the Group;
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action;
- Capital investment and asset management performance, with detailed appraisal, authorisation and post-investment reviews; and
- The emerging and principal risks facing the Group, ensuring that they are being identified, evaluated and appropriately managed.

The Board is supported by the Audit and Risk Committee in reviewing the effectiveness of the Group's risk processes and internal control systems. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss. A robust assessment of the principal and emerging risks faced by the Company has been undertaken by the Board (for further information please see pages 60 to 69 in the Strategic Report). The Board has established a framework of controls, which enable risk to be assessed and managed, which is annually reviewed to ensure it remains prudent and effective.

The Chief Financial Officer, with the assistance of the finance function, is responsible for the appropriate maintenance of financial records and processes. This ensures that all financial information is relevant, reliable, in accordance with the applicable laws and regulations and distributed both internally and externally in a timely manner. A review of the consolidated financial position and financial statements is completed by the Chief Financial Officer to ensure that the financial position and results of the Group are appropriately recorded, circulated to members of the Board and published where appropriate. All financial information published by the Group is subject to the approval of the Board, on the recommendation of the Audit and Risk Committee.

DIRECTORS' REPORT CONTINUED

FAIR, BALANCED AND UNDERSTANDABLE

The Board considers the Annual Report and financial statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. There are various activities, policies and procedures in place for the Board to ensure a fair balanced and understandable Annual Report. These include, but are not limited to:

- The Annual Report and the financial statements have been prepared in accordance with the applicable reporting and regulatory frameworks, including International Financial Reporting Standards (IFRS), FRS 102, 2006 Act, 2018 Code, the DTR and UK GAAP.
- Accounting policies are used Company-wide to ensure accurate and correct accounting treatment. All financial information is maintained according to those guidelines which ensure compliance with IFRS.
- The Company has an extensive set of internal controls covering various areas of the business. The internal control KPIs are monitored and measured on a monthly basis. The finance function uses department manuals which detail the reporting process to be followed and the controls in place to mitigate risk. These include the Finance manual, Credit & Treasury manual and Tax manual.
- Monthly reporting to the Board on financial performance.

OVERSEAS BRANCHES

As at 31 December 2020, the Group had the following branches:

- Engen Marketing Tanzania Limited (branch registered in Tanzania, company registered in Bahamas).
- Plateau Africa Holdings Limited (branch registered in Mauritius, company registered in Canada).
- Vivo Energy Namibia Ltd. (branch registered in Namibia, company registered in the UK).
- Vivo Energy Overseas Holdings Limited (branch registered in Kenya, company registered in Mauritius).

DIRECTORS

The details of the Directors of the Company who held office during the year and up to the date of signing this report can be found on pages 78 to 79.

POWERS OF THE DIRECTORS

The powers of the Directors are determined by the Act and the Company's Articles. The Directors have been authorised to issue and allot shares. These powers are subject to annual shareholder approval at the Annual General Meeting (AGM), and at the 2021 AGM shareholders will be asked to renew and extend the authority to allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company for the purposes of section 551 of the Act (the 'Allotment Resolution').

The authority in the first part of the Allotment Resolution will allow the Directors to allot new shares in the Company, or to grant rights to subscribe for, or convert any security into, shares in the Company up to a nominal value which is equivalent to approximately one third of the total issued ordinary share capital of the Company.

The authority in the second part of the Allotment Resolution will allow the Directors to allot new shares in the Company, or to grant rights to subscribe for, or convert any security into, shares in the Company, only in connection with a rights issue, up to a nominal value which is equivalent to approximately an additional third of the total issued ordinary share capital of the Company. This is in line with corporate governance guidelines. In addition, shareholders will be asked at the 2021 AGM to grant the Directors authority to disapply pre-emption rights in line with corporate governance guidelines.

There are no present plans to undertake a rights issue or to allot any further new shares other than in connection with the Company's share schemes and plans.

The Company did not repurchase any shares during the financial year ended 31 December 2020. At the 2021 AGM shareholders will be asked to grant authority to the Directors under section 701 of the Act to make market purchases of ordinary shares up to a maximum of 126,694,189 shares.

In May 2019 the Company established an employee benefit trust. At 2 March 2021 the trust held 133,183 remaining shares which are accounted for as treasury shares in the consolidated financial statements of the Group. The Company's issued share capital at 2 March is composed of a single class of 1,266,941,899 ordinary shares of 50 US cents, including 133,183 of treasury shares. The shares held by the Trust are not considered as treasury shares for the purposes of Listing Rules disclosure

DIRECTORS' INDEMNITIES

In accordance with the Company's Articles and to the extent permitted by law, Directors are granted a deed of indemnity from the Company in respect of liability incurred as a result of their office. Qualifying third party indemnity provisions (as defined by section 234 of the Act) were in force during the year ended 31 December 2020 and remain in force.

In addition, the Company provides Board members with Directors' and Officers' Liability Insurance. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

DIRECTORS' INTERESTS

The Directors' interests in ordinary shares of the Company are set out within the Directors' Remuneration Report. No Director has any other interest in any shares or loan stock of any Group company. No Director was or is materially interested in any contract, other than under their service contract or letter of appointment, which was subsisting during or existing at the end of year and which was significant to the Group's business. Please refer to the 'Relationship Agreements' section for information relating to the Group's relationship with Vitol and Helios.

There are procedures in place to deal with any conflicts of interest and these have operated effectively during the year. Further details are set out on pages 84 and 88.

RESPONSIBILITY STATEMENT

As required under the DTR, a statement made by the Board regarding the preparation of the financial statements is set out on page 116, which also provides details regarding the disclosure of information to the Company's auditors and Management's report on internal controls over financial information.

SHARE CAPITAL

As at the date of this Report, the Company's issued share capital is composed of a single class of 1,266,941,899 ordinary shares of \$0.50 each.

SHAREHOLDERS' RIGHTS

Each ordinary share of the Company carries one vote at general meetings of the Company. Except as set out in the Articles or in applicable legislation, there are no restrictions on the transfer of shares or on the voting rights in the Company.

In accordance with applicable law and the Company's share dealing policy, Directors and certain employees are required to seek approval before dealing in any Company securities.

The holders of ordinary shares are entitled to receive the Company's reports and accounts, attend and speak at general meetings of the Company, appoint proxies and exercise voting rights. None of the shares carry any special rights with regards to control of the Company. There are no arrangements of which the Company is aware under which financial rights are held by a person other than the holder of the shares, and no known agreements relating to, or places restrictions on, share transfers or voting rights.

EMPLOYEE BENEFIT TRUST

On 10 May 2019 the Company established the Vivo Energy Employee Benefit Trust (the 'EBT'). This is a discretionary trust formed to enable the Company to issue shares to certain employees under the Company's share plans, namely the IPO share Award, Long-Term Incentive Plan and any other share plan that the Company may establish in the future. To satisfy awards vesting under the IPO Share Award, the EBT subscribed for 868,849 shares on 1 May 2020. As at 31 December 2020 the EBT held 133,183 shares. Dividends on shares held by the EBT are waived.

DIVIDENDS

Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 December 2020 are set out on page 178 and note 22 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDINGS

The major shareholders of the Company are Vitol Africa B.V. and VIP Africa II B.V. (together 'Vitol') and HIP Oils Mauritius Limited and Helios Holdings Limited (together 'Helios').

Details regarding the notifications received by the Company in relation to material shareholdings pursuant to the DTR can be found on page 185.

RELATIONSHIP AGREEMENTS

As at 31 December 2020, Helios held 27% and Vitol held 36% of the Company's shares in issue. Vitol was therefore classified as a controlling shareholders under the Listing Rules.

Pursuant to Listing Rule 9.2.2AD(1) the Company has entered into relationship agreements with both Helios and Vitol which shall only be terminated in the event that the respective shareholder and its associates ceases to hold at least 10% of the shares in the Company, or if the Company ceases to be admitted to listing on the premium segment of the Official List and traded on London Stock Exchange's Main Market for listed securities. Throughout the period under review, the Company has complied with provisions and obligations in the relationship agreements, and as far as the Company is aware, both Helios and Vitol have also complied.

CHANGE OF CONTROL

The Company's subsidiary, Vivo Energy Investments B.V. has in place a credit facility agreement and senior notes under which a change in control of the Company would in certain circumstances trigger prepayment and/or redemption or repurchase provisions respectively. In addition, the Group's arrangements with brand partners and the shareholders' agreement in relation to Shell and Vivo Lubricants B.V. could be subject to change of control termination provisions in limited circumstances.

The Company's share plans (including the IPO and Long-Term Incentive Plan Share Awards granted to the Executive Directors and Senior Management) contain clauses which may cause options and awards to vest on a change in control, in some cases subject to the satisfaction of performance conditions at that time. The Company is not party to any other significant agreements that would take effect, alter or terminate upon a change of control following a takeover.

No Director or employee is contractually entitled to compensation for loss of office or employment as a result of a change in control.

RELATED PARTY TRANSACTIONS

The Group sources fuel products from Vitol S.A. and certain of its affiliates (together, 'Vitol Fuel') under a supply agreement. The supply agreement is a framework agreement under which Vitol Fuel is the Group's preferred supplier. Details of the transactions under the supply agreement which took place during the year, are disclosed in note 31 to the consolidated financial statements.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS WITHIN THE GROUP

The Strategic Report sets out the principal activities of the Group and contains details of possible future developments.

SUSTAINABILITY AND GREENHOUSE GAS DISCLOSURES

Information about the Company's approach to sustainability including details of our greenhouse gas emissions is set out in the Strategic Report on page 54.

POLITICAL DONATIONS

No political donations were made during the financial year. The Company's policy is that no political donations be made or political expenditure incurred.

EXTERNAL AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's External Auditor is unaware. Each Director has taken all steps he or she should have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that PricewaterhouseCoopers LLP (PwC) is aware of that information.

As detailed on page 93, the Audit and Risk Committee recommended, and the Board approved, the proposal that PwC be reappointed as Auditors of the Company at the AGM. Resolutions to reappoint PwC as the Company's Auditors until the conclusion of the AGM in 2022 and to authorise the Directors to determine their remuneration, will be proposed to shareholders at the AGM.

AGM

The Company's third AGM will be held at 2:00 p.m. on 18 May 2021. The Notice of the AGM will include further details, including the venue.

The Notice of the AGM contains a full explanation of the business to be conducted at the meeting and can be found on our website.

EMPLOYEE INVOLVEMENT

The Company considers it important that its employees are involved and engaged at all levels within the organisation. Through channels such as Vivo Energy's town hall meetings which are undertaken on a quarterly basis within each Operating Unit, management ensures that employees are updated with matters of interest, including updates on Company performance. During the year the Board was provided with an overview of the output following the employee engagement Pulse Survey which highlighted key issues affecting Vivo Energy employees.

Further details on employee involvement can be found in the Strategic Report on pages 50 and 51. Additional information regarding the Board's Employee Engagement Champion can be found on page 89.

EMPLOYMENT OF DISABLED PEOPLE

Further details on the employment of disabled people can be found in the Strategic Report on page 48.

MODERN SLAVERY

In compliance with the Modern Slavery Act 2016, the Company's statement on Modern Slavery can be found on our website.

The Directors' Report was approved by the Board on 2 March 2021.

JOHN DALY

CHAIRMAN OF THE BOARD

2 MARCH 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law.

In preparing these financial statements, the Directors are required to:

- adopt the going concern basis unless it is inappropriate to do so;
- select suitable accounting policies and then apply them consistently from year to year;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether IFRS as adopted by the EU and IFRS as issued by the IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and the Company and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DECLARATION

Each of the Directors, whose names and functions are listed on pages 78 to 79 of the Annual Report, confirm to the best of their knowledge, that:

- the Group financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and applicable law, and give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- as at the date of this Report, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps he or she should have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Board confirms that the Annual Report and financial statements when taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy, position and performance and business model of the Group.

For and on behalf of the Board

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

2 MARCH 2021

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

2 MARCH 2021

FINANCIAL STATEMENTS

Here we set out our statutory accounts and supporting notes, which are independently audited and provide in-depth disclosure on the financial performance of our business.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- Vivo Energy plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the Consolidated and Company statements of financial position as at 31 December 2020; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the Consolidated and Company financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

SEPARATE OPINION IN RELATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED PURSUANT TO REGULATION (EC) NO 1606/2002 AS IT APPLIES IN THE EUROPEAN UNION

As explained in note 2 to the Group financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

Other than those disclosed in note 7 of the consolidated financial statements, we have provided no non-audit services to the Group in the period under audit.

OUR AUDIT APPROACH

Context

PricewaterhouseCoopers Accountants NV, were the auditors of Vivo Energy Holdings B.V., the parent company of the Group prior to June 2018 and had been since the year ended 31 December 2012. Following the Group's listing on the Main Market of the London Stock Exchange in May 2018, PricewaterhouseCoopers LLP were appointed as auditors of the Group and Vivo Energy plc. In preparation of the listing Vivo Energy plc was incorporated and installed as the Group's parent company. PricewaterhouseCoopers Accountants NV continue to support PricewaterhouseCoopers LLP on the group audit for the year ended 31 December 2020.

Overview

Audit scope

- Nine components engaged to perform audit of their complete financial information.
- Four components engaged to perform audits of specific balances.
- One component engaged to perform specified procedures.
- Overall coverage of 71% revenue, 68% profit before tax and 66% total assets was obtained.

Key audit matters

- Government Benefits Receivable (Group)
- Tax audits and Transfer Pricing (Group)
- Goodwill Impairment (Group)
- Plc Impairment (Company)
- COVID-19 (Group and Company)

Materiality

- Overall group materiality: US\$11,500,000 (2019: US\$13,000,000) based on 5% of average earnings before tax and special items for the last 3 years (2019: 5% of earnings before tax and special items).
- Overall company materiality: US\$19,000,000 (2019: US\$18,500,000) based on 1% of net assets.
- Performance materiality: US\$8,625,000 (group) and US\$14,250,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of anti-bribery and corruption laws, health and safety regulations and competition laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with the wider senior management including Internal Audit, Finance, Operations, Ethics and Compliance and Forensics. These discussions included consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Making inquiries of the Group General Counsel regarding the status and expected outcome of legal cases and regulatory matters and reviewing the Group's legal case tracker, maintained by the General Counsel, in respect to all significant legal matters.
- Evaluation of management's controls designed to prevent and detect irregularities, in particular their anti-bribery controls. For example, understanding the Group's bid and contracting approval controls, the extent to which the Group's anti-bribery and corruption programme is embedded in operating units, assessment of procedures associated with making one-off payments to counterparties and searching third party sources for allegations of corruption made against the Group and its employees.
- Assessment of matters reported on the Group's whistleblowing helpline or through other mediums and the results of management's investigation of such matters.
- Reading key correspondence with regulatory authorities.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to legal and tax claims and government benefits receivables (see related key audit matters below).
- Identifying and testing journal entries both at a local operating unit level and group consolidation, in particular any journal entries posted with unusual account combinations or posted by senior management.
- Review of correspondence with, or reports issued by, competition authorities and assessment of external legal advice received in respect of any matters raised.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

Key audit matters

Key audit matters (KAM) are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Goodwill Impairment (Group), Plc Impairment (Company) and COVID-19 (Group and Company) are new key audit matters this year. Accounting for the acquisition of Vivo Energy Overseas Holdings Limited ('VEOHL'), which was a key audit matter last year, is no longer included because of the transaction to which this KAM related did not reoccur in the current year and no equivalent transactions took place. Otherwise, the key audit matters below are consistent with last year.

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Other Government Benefits Receivable (Group)

Refer to notes 2, 4 and 16 in the Group financial statements.

The Group has US\$69 million of receivables (offset by provisions of US\$24m) from governments principally related to subsidies for product prices or incidental costs where regulated price mechanisms exist. The recoverability of these receivables is not always certain with outstanding balances being aged and with governments with poor or no credit ratings. Whilst during the year the level of gross receivables has declined due to cash receipts and a reduction in subsidy levels, the risk associated with recovery of aged items has been adversely impacted by the deterioration in government finances as a result of the COVID-19 pandemic.

Determination of the provisioning required against these receivables requires consideration of the willingness and ability of the counterparties to meet their obligations. This can often be complex and highly judgemental. Due to the nature and aging of the receivables in Guinea and Senegal we identified the receivables with the governments of these countries to be where our main audit focus was required.

For Senegal and Guinea we performed procedures to determine the accuracy of the receivables being recognised, including the legal right to offset, by assessing supporting documentation and, where possible, confirming the positions directly with the government authorities. In addition we verified the claims arising in the year to the underlying transactions and verified payments back to bank statements.

Where a provision has been recognised, we have assessed management's position against the communications with the local authorities, historical precedent of similar matters being resolved, and evidence of the Group's efforts to secure payment. In addition, we sought independent evidence of the government's ability and willingness to pay by considering third party published views on the economic and fiscal positions of the countries, published credit ratings and, where possible, meeting with government representatives.

Based on our work performed, we found the judgments and assumptions used by management in the recoverability assessment of government benefits receivables to be supportable based on the available evidence.

Tax audits and Transfer Pricing (Group)

Refer to notes 2, 4 and 10 in the Group financial statements.

The Group operates in a number of tax jurisdictions and recognises tax assets and liabilities based on interpretation of local laws and regulations which are sometimes uncertain and requires interpretation. In several territories tax audits are performed and significant tax claims are made. However these are often settled for much less once further information is provided to tax authorities or matters result in litigation. The claims often focus on the application of transfer pricing policies. Management are required to make judgements on whether it is probable that the tax authorities will accept the current treatment and, where it is not considered probable, estimate the expected value or the most likely value of the pay-out.

We focused on the judgements and estimates made by management in assessing the likelihood and quantification of material exposures and recognition of uncertain tax position provisions.

With the assistance of our local and international tax specialists including transfer pricing specialists, we evaluated management's judgements in respect of the likelihood of known tax exposures resulting in liabilities and the accuracy and completeness of associated uncertain tax position provisions recognised. For each material position we looked at the nature of the underlying transactions, the technical merits of the position and the local tax authorities' track record of challenging similar tax positions.

We also challenged management on the level of provisioning booked for each uncertain tax position, considering both whether the level of provisioning was too prudent or too optimistic. We considered management's assessment through the examination of their analysis of these positions, including testing of their detailed workings and consideration of advice received from their tax advisers.

We determined that the provisions recognised and the disclosures in the financial statements were reasonable.

KEY AUDIT MATTER**HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER****Goodwill Impairment (Group)**

Refer to notes 2, 4 and 12 in the Group financial statements.

In March 2019, the Group completed the Engen acquisition that generated US\$65m of goodwill. This goodwill was allocated to the non aggregated operating segments of 'Retail fuel' and 'Commercial fuel' which form part of the operating segments of 'Retail' and 'Commercial' respectively. Pre the Engen transaction goodwill was already allocated to these non-aggregated operating segments giving a total goodwill value of US\$79m.

The goodwill balance is assessed annually for impairment and an impairment test has been performed as at 30 September 2020 with the recoverable amount calculated using a fair value less cost to dispose ('FVLCD') methodology underpinned by a discounted cash flow ('DCF') model. A number of judgements and estimates are involved in the DCF model including determining appropriate discount rate and long term growth rates and cash flow assumptions during the five-year business plan period.

We have focused our audit work on ensuring these judgements and estimates are appropriate.

We assessed management's allocation of goodwill and confirmed the relative fair value method used was appropriate and the final allocation reflected the nature of the acquired Engen business.

A distribution key was used by management to allocate corporate level and other assets shared between segments, to the cash generating units against which the goodwill impairment assessment was performed. We performed sensitivities to confirm that different allocation keys would not result in a materially different impairment outcome.

We obtained the models calculating the recoverable amounts for the Retail fuel and Commercial fuel segments using the discounted cash flow method based on cash flow projections from the board approved five-year business plan. We considered the reasonableness of the five-year business plan in light of the recent historical performance of the Group including management's forecast of the ongoing impact of COVID-19 on the business and how this compares to actual performance in 2020.

The discount rate and long term growth rate assumptions used by management were consistent with those independently determined by our internal valuation experts.

With the support of our valuation experts, we have audited management's methodology, inputs and the key assumptions. We have agreed inputs to supporting documentation and have performed sensitivities over the key assumptions in the FVLCD models and in the underlying board approved business plan.

We have considered the accuracy and completeness of the financial statement disclosures in light of the results of our audit procedures and concluded that they are appropriate.

Based on the procedures performed we concluded that management had correctly determined that no impairment to goodwill was required.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Plc Impairment (Company)

Refer to note 2 in the Company financial statements.

At 31 December 2020 the market capitalisation of the Group was lower than the carrying value of the Company's investment in the Group of US\$1,913m held, at cost, in the books of the Company. This was identified as an impairment trigger and management have performed an impairment test by calculating the recoverable amount using a value in use ('VIU') methodology underpinned by a discounted cash flow ('DCF') model.

A number of judgements and estimates are involved in building the DCF model including determining an appropriate discount rate and long term growth rate and cash flow assumptions during the five-year business plan period. In addition the five-year business plan needs to be adjusted to remove the impacts of expansionary capital expenditure.

We have focused our audit work on ensuring these judgements and estimates are appropriate.

We obtained the models calculating the recoverable amount using the discounted cash flow method based on cash flow projections from the board approved five-year business plan. We considered the reasonableness of the five-year business plan in light of the recent historical performance of the Group including management's forecast of the ongoing impact of COVID-19 on the business and how this compares to actual performance in 2020.

With the support of our valuation experts, we have audited management's methodology, inputs and the key assumptions. We have agreed inputs to supporting documentation and have performed sensitivities over the key assumptions in the VIU model and in the underlying board approved business plan.

We have compared management's discount rate to an appropriate Weighted Average Cost of Capital independently calculated by our valuation experts and the long term growth rates to long term US government bond rates. We have performed an assessment of management's model to confirm that it meets the VIU criteria set out in IAS 36 and have assessed the adjustments made to the five-year business plan to remove the benefits of expansionary capital expenditure. Where differences were identified we performed sensitivity analysis to confirm that there was no material impact on the outcome of the impairment test.

In performing additional sensitivities we considered a number of alternative scenarios that could be reasonably thought to occur. These scenarios modelled, individually, the impact of further lockdowns as a result of the COVID-19 pandemic; a recovery that excluded a rebound in sales volumes towards pre COVID-19 plan levels; and cash unit margins below historical levels. In addition we ran scenarios reflective of the potential longer term impacts of climate change.

Using these scenarios we sensitised management's model and assumptions to identify whether these would generate an impairment. No scenarios considered reasonably plausible generated an impairment.

We have considered the accuracy and completeness of the financial statement disclosures in light of the results of our audit procedures and concluded that they are appropriate.

Based on the procedures performed we concluded that management had correctly determined that no impairment to the investment value in the books of the Company was required.

KEY AUDIT MATTER**HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER****COVID-19 (Group and Company)**

The COVID-19 pandemic has had a significant impact on the Group's business during FY20 with the performance of the business being significantly adversely affected in H1 2020 followed by a recovery in trading in the second half of the year.

COVID-19 has had a pervasive impact across the Group and, inter alia, required management to reconsider a number of key accounting judgements and estimates. These included adjusting business plans and models which underpin the annual assessments of impairment and going concern; the assessment of the expected credit loss on trade and other receivables; the recovery of other government benefits receivable, the impact on accruals for long term incentive schemes; and the presentation of the additional costs incurred by the Group in the financial statements.

We have considered the pervasive impact of COVID-19 through the planning, risk assessment and execution phases of our audit with particular focus on the effect the pandemic has had on areas of key accounting judgement and estimation.

During the course of 2020 management have prepared a number of accounting position papers which consider the wider impact of COVID-19 on the Group's financial statements. We have reviewed these papers, considered the appropriateness of management's proposed treatments in line with published guidance and, where the impact is material, tested key assumptions to supporting documentation.

Where forecast financial information is relevant to an accounting judgement we have considered how management have modelled the impact of COVID-19 in its forecasts for 2021 and 2022. In performing this assessment we have taken into account the impact that the first wave of the virus and the associated government restrictions had on the Group's results in H1 2020 and the subsequent recovery of the business in H2 2020 and considered how further lockdowns and restrictions may affect the business in subsequent periods.

In the case of going concern we have assessed both management's base case and pessimistic planning scenarios for 2021 and 2022. In addition we have asked management to perform an additional severe but plausible downside scenario which more closely reflects the 2020 experience during a further forecast lockdown in 2021. We have then recalculated management's headroom and covenant compliance tests throughout 2021 and 2022 to confirm that in their severe scenario sufficient liquidity remains.

Refer to our Key Audit matters above for details of how we have considered the impact of COVID-19 in our audit procedures over the impairment tests performed by management in respect to the carrying value of goodwill recognised in the consolidated financial statements and the investment in subsidiaries in the Company financial statements.

We have reviewed the disclosures included within the financial statements in respect to the impact of COVID-19 to ensure that the disclosures are consistent with published guidance and the presentation of additional costs incurred by the Group in responding to the pandemic is appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates in 23 countries across North, West, East and Southern Africa. It is structured such that each country operates semi-autonomously with oversight, consolidation, and certain activities performed by group management. Each country can contain many legal entities, associates and joint ventures for which separate financial information is prepared and monitored. In general, each country will have a single large operating legal entity that holds most of the assets, liabilities and transactions.

Reporting packs are prepared by local management for each legal entity except in some specific cases where a sub-consolidation is performed and a single reporting pack is prepared for a number of related legal entities. We have scoped our audit on the basis that a component is identified by a reporting pack.

We identified Morocco and Kenya as financially significant components based on their size compared to the consolidated financial statements of the Group. A further six large components were identified and engaged to perform audits of their complete financial information in order to provide appropriate coverage over the operations of the Group. In addition, the components of Mauritius and Namibia were identified to perform an audit of the revenue balances in order to provide sufficient coverage over the revenue financial statement line item.

Guinea and Senegal were identified as significant risk components relating to the recoverability of other government benefits receivable as described in the key audit matters. Guinea was requested to perform an audit over the other assets balance only while Senegal was engaged to perform an audit of their complete financial information as one of the six components identified above.

Rwanda was engaged to perform an audit of their complete financial information. This component provided limited contribution to the consolidated results of the Group however represented an entity acquired as part of the Engen transaction that took place in 2019 and which had not previously been included within audit scope. In addition, we have engaged Mozambique, another component acquired as part of the Engen transaction to perform specified procedures. The procedures requested were selected to reflect the relatively small size of the component and our goal of obtaining an understanding of activities occurring within the smaller components.

Procedures were also performed at a group level over balances including goodwill and tax as well as procedures over centralised controls and IT functions. The aggregation of all the holding entities are treated as a single component with testing performed over balances including cash, finance expenses and external borrowings.

Overall coverage of 71% revenue, 68% profit before tax, and 66% total assets was obtained. None of the operating units excluded from our group audit scope individually contributed more than 6% to consolidated revenue.

Interactions with component teams varied depending on their size, complexity and risk. Interactions with each component included: detailed instruction; a risk assessment and audit approach planning meeting; detailed deliverables identifying significant matters and procedures performed over significant risks; status and clearance meetings at key stages of the audit; and file reviews tailored to the specifics of the component. This was in addition to further ad hoc discussions on matters of interest. Due to the COVID-19 pandemic physical oversight visits were not possible. Instead, additional virtual meetings were held between the group engagement team, local senior management and local component teams of Morocco, Kenya, Côte D'Ivoire and Botswana. Combined with virtual file reviews these meetings were considered appropriate replacements for the usual in person interaction.

The Company only audit was performed independently by the group engagement team. This did not contribute to the scope of work performed on the consolidated financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	FINANCIAL STATEMENTS – GROUP	FINANCIAL STATEMENTS – COMPANY
Overall materiality	US\$11,500,000 (2019: US\$13,000,000).	US\$19,000,000 (2019: US\$18,500,000).
How we determined it	5% of average earnings before tax and special items for the last 3 years (2019: 5% of earnings before tax and special items).	1% of net assets.

FINANCIAL STATEMENTS – GROUP

FINANCIAL STATEMENTS – COMPANY

Rationale for benchmark applied

The Group is profit-oriented; therefore it is considered most appropriate to use a profit-based benchmark. The Directors, management and the users of the Group financial statements focus on adjusted numbers, being adjusted EBITDA, adjusted EBIT and adjusted net income. The Group defines 'adjusted' as excluding special items. In order to incorporate the distorting effects of COVID-19 and the steep decline in oil price on current year profits within our materiality calculation we consider the use of a 3-year average better reflects the overall impact on the financial statements, given that the impact on earnings before tax and special items was significantly more pronounced than the decline in sales volumes and balance sheet carrying values. Based on this, we consider an adjusted metric of 3-year average earnings before tax and special items to be the most appropriate benchmark.

The entity is a holding company of the rest of the Group and is not a trading entity. Therefore an asset based measure is considered appropriate. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern for the Company is the payment of dividends.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between US\$1.0m and US\$10.0m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US\$8,625,000 for the Group financial statements and US\$14,250,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above US\$0.7m (group audit) (2019: US\$1.0m) and US\$0.7m (company audit) (2019: US\$1.0m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- considering the reasonableness of the period covered by management's going concern assessment;
- agreeing management's going concern assessment to the board approved five-year strategic plan and ensuring that the base case scenario indicates that the business generates sufficient cash flows during the going concern period to meet its obligations while complying with covenant arrangements;
- identifying that the gross cash unit margin and expected volume growth are the key assumptions inherent in the plan and validating these to historical precedent and forecast changes in markets;
- analysing the cash flows in the forecast to identify unexpected trends and relationships and ensuring the mathematical accuracy of management's models;
- evaluating management's severe but plausible scenario of a similar extent of COVID-19 related impact on 2021 as seen in 2020;
- reviewing key banking and debt agreements to confirm the availability of appropriate levels of committed facilities during the going concern period;
- assessing the forecast compliance with the covenants associated with the Group's committed debt facilities and ensuring that under both the base case and severe but plausible downside scenarios there are no forecast covenant breaches during the going concern period; and
- considering the appropriateness and accuracy of management's financial statement disclosures relating to going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities, with respect to the corporate governance statement as other information, are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance section of the Annual Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- the Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- the section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 20 April 2018 to audit the financial statements for the year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2018 to 31 December 2020.

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$ million	Notes	2020	2019
Revenues	5	6,918	8,302
Cost of sales		(6,301)	(7,627)
Gross profit	5	617	675
Selling and marketing cost		(226)	(224)
General and administrative cost	7	(176)	(165)
Share of profit of joint ventures and associates	13	16	22
Other income/(expense)	8	4	2
Earnings before interest and tax (EBIT)	6	235	310
Finance income		12	7
Finance expense		(72)	(71)
Finance expense – net	9	(60)	(64)
Earnings before tax (EBT)		175	246
Income taxes	10	(85)	(96)
Net income	6	90	150
Net income attributable to:			
Equity holders of Vivo Energy plc		80	136
Non-controlling interest (NCI)		10	14
		90	150
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss			
Currency translation differences		(23)	(42)
Net investment hedge (loss)/gain		(17)	3
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefits		(5)	–
Income tax relating to retirement benefits		1	–
Change in fair value of financial instruments through OCI	14	1	1
Other comprehensive income, net of tax		(43)	(38)
Total comprehensive income		47	112
Total comprehensive income attributable to:			
Equity holders of Vivo Energy plc		41	113
Non-controlling interest (NCI)		6	(1)
		47	112
Earnings per share (US\$)			
	21		
Basic		0.06	0.11
Diluted		0.06	0.11

The notes are an integral part of these consolidated financial statements.

NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2020	2019
EBITDA	360	416
Adjusted EBITDA	360	431
Adjusted net income	90	162
Adjusted diluted EPS (US\$)	0.06	0.12

Refer to the non-GAAP financial measures definitions and reconciliations to the most comparable IFRS measures on pages 40 and 41.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ million	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment	11	889	823
Right-of-use assets	27	201	176
Intangible assets	12	222	226
Investments in joint ventures and associates	13	231	227
Deferred income taxes	10	46	34
Financial assets at fair value through other comprehensive income	14	12	9
Other assets	16	117	110
		1,718	1,605
Current assets			
Inventories	17	480	517
Trade receivables	18	344	451
Other assets	16	200	257
Income tax receivables		11	9
Cash and cash equivalents	19	515	517
		1,550	1,751
Total assets		3,268	3,356
Equity			
Share capital	20	633	633
Share premium		4	4
Retained earnings		252	199
Other reserves		(122)	(85)
Attributable to equity holders of Vivo Energy plc		767	751
Non-controlling interest		45	53
Total equity		812	804
Liabilities			
Non-current liabilities			
Lease liabilities	27	119	104
Borrowings	23	412	294
Provisions	24, 25	104	102
Deferred income taxes	10	72	66
Other liabilities	26	165	160
		872	726
Current liabilities			
Lease liabilities	27	24	21
Trade payables		1,048	1,257
Borrowings	23	270	306
Provisions	24, 25	16	14
Other financial liabilities	15	9	3
Other liabilities	26	171	178
Income tax payables		46	47
		1,584	1,826
Total liabilities		2,456	2,552
Total equity and liabilities		3,268	3,356

The notes are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 2 March 2021 and were signed on its behalf by:

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US\$ million	Notes	Attributable to equity holders of Vivo Energy plc										Total	NCI	Total equity
		Other reserves								Equity-settled incentive schemes ²				
		Share capital	Share premium	Retained earnings	Reserves ¹	Retirement benefits	Currency translation difference	Fair value reserves						
Balance at 1 January 2020		633	4	199	(54)	2	(43)	2	8	751	53	804		
Net income		–	–	80	–	–	–	–	–	80	10	90		
Other comprehensive income		–	–	–	–	(4)	(36)	1	–	(39)	(4)	(43)		
Total comprehensive income		–	–	80	–	(4)	(36)	1	–	41	6	47		
Share-based expense	30	–	–	–	–	–	–	–	3	3	–	3		
Share issuance related to share awards	30	–	–	1	–	–	–	–	(1)	–	–	–		
Transactions with NCI		–	–	–	–	–	–	–	–	–	(4)	(4)		
Net impact of IAS 29 ³		–	–	6	–	–	–	–	–	6	–	6		
Dividends paid/declared ⁴	22	–	–	(34)	–	–	–	–	–	(34)	(10)	(44)		
Balance at 31 December 2020		633	4	252	(54)	(2)	(79)	3	10	767	45	812		

US\$ million	Notes	Attributable to equity holders of Vivo Energy plc										Total	NCI	Total equity
		Other reserves								Equity-settled incentive schemes ²				
		Share capital	Share premium	Retained earnings	Reserves ¹	Retirement benefits	Currency translation difference	Fair value reserves						
Balance at 1 January 2019		601	3	72	(136)	2	(19)	1	9	533	48	581		
Net income		–	–	136	–	–	–	–	–	136	14	150		
Other comprehensive income		–	–	–	–	–	(24)	1	–	(23)	(15)	(38)		
Total comprehensive income		–	–	136	–	–	(24)	1	–	113	(1)	112		
Share-based expense	30	–	–	–	–	–	–	–	1	1	–	1		
Share issuance related to acquisition ¹	31	–	–	–	82	–	–	–	–	113	12	125		
Share issuance related to share awards	30	1	1	–	–	–	–	–	(2)	–	–	–		
Transactions with NCI		–	–	2	–	–	–	–	–	2	4	6		
Net impact of IAS 29 ³		–	–	19	–	–	–	–	–	19	–	19		
Dividends paid ⁴	22	–	–	(30)	–	–	–	–	–	(30)	(10)	(40)		
Balance at 31 December 2019		633	4	199	(54)	2	(43)	2	8	751	53	804		

The notes are an integral part of these consolidated financial statements.

- 1 Included in reserves is a merger reserve (\$82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited (VEOHL), formerly known as Engen International Holdings (Mauritius) Limited in March 2019.
- 2 Equity-settled incentive schemes include the Long-Term Incentive Plan (LTIP) and the IPO Share Award Plan.
- 3 The net impact on retained earnings as a result of the index-based adjustments in Zimbabwe under IAS 29 'Financial Reporting in Hyperinflationary Economies'.
- 4 The dividends paid to the equity holders of Vivo Energy plc were paid out of distributable reserves (refer to note 11 of the Company financial statements).

CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ million	Notes	2020	2019
Operating activities			
Net income		90	150
Adjustment for:			
Income taxes	10	85	96
Amortisation, depreciation and impairment	11, 12, 27	125	106
Net gain on disposals of PP&E and intangible assets	8	(4)	–
Share of profit of joint ventures and associates	13	(16)	(22)
Dividends received from joint ventures and associates	13	24	22
Current income tax paid		(89)	(83)
Net change in operating assets and liabilities and other adjustments	28	48	176
Cash flows from operating activities		263	445
Investing activities			
Acquisition of businesses, net of cash acquired		(9)	(16)
Purchases of PP&E and intangible assets	11, 12	(168)	(149)
Proceeds from disposals of PP&E and intangible assets	8, 11, 12	5	2
Other investing activities		–	3
Cash flows from investing activities		(172)	(160)
Financing activities			
Proceeds from long-term debt	23	517	62
Repayment of long-term debt	23	(492)	(82)
Net (repayments)/proceeds (of)/from bank and other borrowings	23	26	1
Repayment of lease liabilities	27	(31)	(27)
Dividends paid		(43)	(40)
Interest paid		(62)	(51)
Cash flows from financing activities		(85)	(137)
Effect of exchange rate changes on cash and cash equivalents		(8)	(24)
Net increase/(decrease) in cash and cash equivalents		(2)	124
Cash and cash equivalents at beginning of the year		517	393
Cash and cash equivalents at end of the year	19	515	517

The notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

Vivo Energy plc (the 'Company') a public limited company, was incorporated on 12 March 2018 in the United Kingdom under the Companies Act 2006 (Registration number 11250655). The Company is listed on the London Stock Exchange Main Market for listed securities and the Main Board of the securities exchange operated by the Johannesburg Stock Exchange. References to 'Vivo Energy' or the 'Group' mean the Company and its subsidiaries and subsidiary undertakings. These consolidated financial statements as at and for the period ended 31 December 2020 comprise the Company, its subsidiaries and subsidiary undertakings, joint ventures and associates.

On 1 March 2019, Vivo Energy Investments B.V. acquired a 100% shareholding in Vivo Energy Overseas Holding Limited (VEOHL) formerly known as Engen International Holdings (Mauritius) Limited. Upon completion of the transaction, Vivo Energy extended operations in eight new markets and added over 200 Engen-branded service stations to the existing network.

Vivo Energy distributes and sells fuel and lubricants to retail and commercial consumers in Africa and trades under brands owned by the Shell and Engen group of companies and, for aviation fuels only, under the Vitol Aviation brand. Furthermore, Vivo Energy generates revenue from Non-fuel retail activities including convenience retail and quick service restaurants by leveraging on its retail network.

Further details on the nature of the Group's operations and principal activities can be found in the Strategic report on page 1 to 70.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, and have been applied consistently over the years.

2.1 Basis of preparation and going concern

These consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards (IFRS) pursuant to Regulation EC No. 1606/2002 as it applies in the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The Group has considered the impact of COVID-19 and the current economic environment in relation to the going concern basis of preparation for the consolidated financial statements. For the purposes of the going concern assessment the Directors have considered a period to 31 December 2022 using base case forecasts for this period taken from the 2021 five-year strategic plan. The Group has prepared the five-year strategic plan taking into consideration the impact of the current year and its effect on future performance. The Group has prepared a range of stress test scenarios including a severe but plausible downside sensitivity analysis. The plausible downside sensitivity assumes the impact and restrictions of COVID-19 experienced in 2020 continue to impact the 2021 financial performance with lower volume growth and gross cash unit margins in comparison to the base case scenario for 2021. During 2022, the Group does not expect to be severely impacted from COVID-19 and has therefore forecast a recovery in the financial position.

The Group has considered the impact of restrictions on its operations with Retail, Marine and Aviation most affected. For each of our segments we have sensitised volumes, gross cash unit margins, profits and cash flows, taking into account a similar but less extreme impact of COVID-19 for the next two years, than experienced in 2020. The impact over the next two years is not considered to be as severe as initially experienced in 2020 reflecting the reduced impact of second wave restrictions during the first few weeks of 2021. In our sensitivities, available mitigating measures, such as reducing uncommitted growth capex, dividend deferrals and other discretionary spend, do not prevent the Group from operating. The Group does not expect any significant structural changes to the business will be necessary under any of the scenarios considered. Based on management's assessment for the next two years, sufficient available liquidity exists and the Group has adequate resources to meet its operational obligations.

As of 31 December 2020, the Company has available short-term capital resources of \$2,078m, which include \$1,323m of uncommitted facilities. The Group is not reliant on these uncommitted facilities. Based on the cash flow projections for the next two years, management has confirmed that there is sufficient cash and committed facilities available. Notwithstanding this analysis, the Group has continued to have access to and utilise the uncommitted short-term funding lines throughout the year, and where necessary renew them in the normal course of business. Therefore, the Directors expect these uncommitted facilities to continue to be available to the Group for the foreseeable future. Under both the base case and severe but plausible downside scenarios, the financial covenants, relating to the Group's RCF, of minimum interest cover of 4x and maximum debt cover of 3x are forecast to be met over the next two years. At the time of approving the consolidated financial statements, the Directors maintain a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis. Further details are contained within the going concern statement included in the Directors' Report.

In preparing the consolidated financial statements the Group has considered the impact that climate change may have on key accounting judgements and estimates including asset useful economic lives and asset valuations and impairments. At the year-end, whilst a number of countries in which the Group operates are signatories to the Paris Climate Agreement, none of the countries have introduced legislation or detailed policy initiatives associated with transitioning away from carbon based transportation fuels. As set out on page 54 to 57 of the Strategic Report, whilst the Group continues to introduce initiatives designed to reduce the carbon emissions from its direct operations and develop alternative product offerings, the Group considers that the transition towards a low-carbon economy in its primary markets will be over a longer time period than will be seen in the UK and the European Union. As a result, the Group considers that the market for oil products across Africa will continue to grow within its medium-term planning horizons and this assumption is embedded within the Group's five-year strategic business plan which in turn supports a number of key forward-looking accounting judgements and estimates.

2.2 Application of new and revised IFRS

The following pronouncements issued by the IASB and endorsed by the European Union are effective for annual periods beginning 1 January 2020. The Group's financial statements have been prepared in accordance with these standards, which have no material impact on the consolidated financial statements of the Group:

- Amendments to IFRS 3 Definition of a 'business'
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to IAS 1 and IAS 8 Definition of 'material'
- Effective date of updated references to the Conceptual Framework

2.3 New standards, amendments and interpretations not yet adopted

The following amendment to the standards effective for annual periods beginning on or after 1 January 2021, has not been applied in preparing the consolidated financial statements of the Group:

- Effective date of IBOR reform Phase 2 amendments

The above amendment which is not yet effective, is not expected to have a material impact on the Group.

2.4 Consolidation

The Group is made up of various entities, subsidiaries, joint ventures and associates. Details regarding all entities are included in note 15 in the Company financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether or not it controls an investee if the facts and circumstances indicate that there may be changes to one or more of the elements of control. Subsidiaries are consolidated from the effective date of acquisition and de-consolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances, income, expenses and cash flows are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Joint arrangements

Joint arrangements are contractual arrangements whereby the Group and other parties undertake activities that are under joint control, meaning that the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are joint arrangements whereby the parties that have joint control have the rights to the net assets of the arrangement and are accounted for using the equity method.

Under the equity method, the investment is initially recognised at cost adjusted for the post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest investment in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, accounting policies of the joint ventures are adjusted to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.4 Consolidation (continued)

Investments in associates

Associates are entities where the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

At the date of acquisition, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable net assets, liabilities and contingent liabilities of the associate is recorded as goodwill. The goodwill is included within the carrying amount of the investment. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and adjusted for the post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2.5 Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets and liabilities transferred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 'Financial Instruments' either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is United States dollars ('US dollars'). These consolidated financial statements are presented in US dollars, which is the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to monetary items such as borrowings, receivables and cash and cash equivalents are presented in the consolidated statements of comprehensive income within cost of sales for trading related gains and losses and within finance income and expense for non-trading related gains and losses.

Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income (FVTOCI), are included in other comprehensive income.

The financial statements of entities in hyperinflationary economies are translated in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Accounting for hyperinflation

The results of the Group's operations within entities based in Zimbabwe have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from date of acquisition.

Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit, current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index (CPI), as published by the Zimbabwe Reserve Bank, as the general price index to restate amounts, since CPI provides an official observable indication of the change in the price of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been adjusted to reflect the impact of the CPI. Amortisation, depreciation and impairments shall be recalculated based on the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets restated to reflect the change in the general price index. All other items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were originally recorded. The restatement of income and expenses are carried out on a monthly basis by applying the respective conversion factor. The net impact of these gains or losses, have been recognised in the statement of comprehensive income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Following the application of IAS 29, the financial statements of Zimbabwean subsidiaries are translated at the closing exchange rate applicable for the period.

The impact of applying IAS 29 in the current period resulted in an increase in property, plant and equipment of \$20m (2019: \$19m), an increase in intangible asset of \$7m (2019: \$7m), an increase in net finance expense of \$3m (2019: \$5m) and a decrease in net income of \$5m (2019: \$3m). An impairment test on fixed assets was carried out on 31 December 2020, which indicated there was no impairment to be recognised.

Group companies

The results and financial position of all the Group entities with a functional currency other than the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expense items and cash flows are translated at the average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- Exchange differences arising are recognised directly in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated accordingly.

2.7 Revenue recognition

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

Revenue from the sale of goods, such as fuel and lubricants and any other products are recognised when the Group has fulfilled its performance obligation to a customer at a point in time. The performance obligation to customers, including Vivo Energy Kenya Ltd, is fulfilled when the Group's products are delivered to the customer and transfer of title occurs. The Group does not offer bundled products.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price is allocated to the performance obligation in the contracts and excludes amounts collected on behalf of third parties (i.e. sales taxes, excise duties and similar levies). The majority of the markets in which the Group operates are regulated and have fixed prices that are established either by the government or the industry. The Group may offer discounts and volume rebates to customers. Where applicable, discounts are pre-agreed in the contracts that form part of the price determination over the life of the contract. Volume rebates are determined periodically, and recorded against revenue.

Vivo Energy Kenya Ltd, like other oil marketers in Kenya, participates in the Open Tender System (OTS). Oil-marketing companies are legally required to import petroleum products through the OTS, that is centrally coordinated by the Ministry of Energy. This legal notice is governed by the OTS agreements signed between all Kenyan licensed oil marketers. Vivo Energy Kenya Ltd does not only participate in this process but also purchases from the suppliers and sells the petroleum products through the OTS to other oil marketing companies. Related revenues are recognised at the fair value of the consideration received or receivable once Vivo Energy Kenya Ltd has transferred the goods to the customer and fulfilled its performance obligation.

For sales of services, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions. The transaction price is allocated to the performance obligations identified in the contract. The revenue from services are recognised over a period of time as the performance obligations are met. Rental income is accounted for in revenue and recognised over the duration of the rental contract.

The Group recognises an asset for the incremental costs of obtaining a contract with a customer if the Group expects the benefit of those costs to exceed one year. The Group has determined that certain sales incentive programmes meet the requirements to be capitalised.

The Group applies a practical expedient to expense costs as incurred for costs to obtain a contract when the amortisation period would have been one year or less.

2.8 Finance income and expense

Finance income and expense are recognised in the income statement using the effective interest rate method. All finance costs are recognised in the periods in which they are incurred.

2.9 Consolidated statement of comprehensive income presentation

Cost of sales reflects all costs relating to the revenue recognised, including depreciation costs. Selling and marketing costs reflect the marketing, selling costs, depreciation and amortisation costs. The general and administrative costs reflect all central and corporate costs, including employee and depreciation costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.10 Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the various classes of assets and commences when the asset is ready for use. Land and construction-in-progress are not depreciated.

The following depreciation rates are applied for the Group:

- Buildings: 20 – 50 years
- Machinery and other equipment: 4 – 25 years

Major improvements are capitalised when they are expected to provide future economic benefit. When significant components of property, plant and equipment are required to be replaced at regular intervals, the Group derecognises the replaced part and recognises the new part with its own associated useful life and depreciation. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income as incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of property, plant and equipment is included in the consolidated statements of comprehensive income when the item is derecognised.

Each asset's estimated useful life, residual value and method of depreciation are reviewed and adjusted, if appropriate, at each year-end.

2.11 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the acquirer's interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

For goodwill recognised in the consolidated statements of financial position, impairment reviews are undertaken annually, once goodwill has been allocated to CGUs, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU to which goodwill is allocated is compared to the recoverable amount. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Shell Licence Agreements ('Licences')

The licences acquired grant the Company the exclusive right to distribute and market Shell-branded products in the relevant countries. The licences are recognised at their fair value at the acquisition date and are carried forward at cost less accumulated amortisation calculated using the straight-line method over the expected useful life of 15 years. The Licences expire in December 2031.

Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products that are controlled by the Group, and where it is probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged on a straight-line basis over their estimated useful lives of three to ten years. As at 31 December 2020, internally developed software relating to the ERP system has a remaining useful life of nine years.

Other intangible assets

Other intangible assets include Butagaz brand, LPG retail distributor relationships and Commercial LPG customer relationships recognised at their fair value allocated at acquisition date are subsequently measured at carrying amount less accumulated amortisation calculated using the straight-line method over the expected useful life of 10 years. The VEOHL business acquisition in 2019 attributed additional intangible assets recognised through application of IFRS 3 'Business combinations'. These intangible assets relate to customer relationships and the use of the Engen brand with useful lives of between ten to 15 years.

2.12 Impairment of non-financial assets

At least annually, the Group reviews the carrying amount of tangible and intangible assets with finite lives to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing its value in use or fair value less cost of disposal, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax or post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

A corresponding impairment loss is recognised in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Any impairment reversal is recognised in the consolidated statements of comprehensive income.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct purchase costs (including transportation), cost of production, manufacturing and taxes, and is determined using the weighted average cost method.

2.14 Other government benefits receivable

Other assets include other government benefits receivable that reflect subsidies received from national governments for fuel sold as part of the Group's ordinary course of business.

The following types of compensation are applicable to the Company:

- Amounts due from/to the government for oil purchased at higher/ lower prices than the price set by the local authority. Where the oil purchasing price paid by the Group is higher than the price set by the local authorities, a receivable due from the government is recognised by the Group to compensate for the higher price paid. Similarly if the purchasing price of oil is lower than the set price, a liability towards the government is recognised. If collections/payments are expected in one year or less, the receivable/liability are classified as current assets/current liabilities. If not, they are presented as non-current assets/non-current liabilities. As at 31 December 2020, this relates to Vivo Energy Botswana, Senegal, Morocco, Madagascar and Guinea.
- Amounts due from/to the government for transport costs incurred to encourage marketers to distribute products to remote areas of the country. The government has introduced a pricing mechanism whereby if the Group only delivers to local areas, then a liability requiring payment to the government will be recognised. If the Group delivers to remote areas then a receivable owing from the government will be due. If collections/payments are expected in one year or less, the receivable/liability are classified as current assets/current liabilities. If not, they are presented as non-current assets/non-current liabilities. As at 31 December 2020, this relates to Vivo Energy Botswana, Senegal, Morocco and Guinea.

The origination of these receivables arises from legal rights based on government schemes of taxation and subsidies and not from any contractual agreements. As such, they are not considered as financial instruments within the scope of IFRS 9 'Financial Instruments' and are accounted for under IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Other government benefits receivable are recognised initially at fair value, which represents the difference between the market value if sold at arm's length and the price set by the government. The subsidy is accrued to match the associated cost to which the compensation has been granted. Initial recognition and any subsequent adjustments are recognised within cost of sales in the consolidated statement of comprehensive income.

If a receivable is recognised as owing from the government and there is risk over the recoverability of that asset, then a provision for impairment will be recognised.

Where the Group enters into factoring arrangements it transfers and derecognises other government receivables if either:

- The Group has transferred substantially all the risks and rewards of ownership of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset and no longer retains control of the asset.

Under the continuing involvement approach, the Group continues to recognise part of the asset. The amount of the asset that continues to be recognised is the maximum amount of the Group's exposure to that particular asset or its previous carrying amount, if lower.

2.15 Financial instruments

Financial instruments consist of:

- Financial assets, which include cash and cash equivalents, trade receivables, lease receivables, employee and other advances, equity investments and derivative financial instruments and eligible current and non-current assets; and
- Financial liabilities, which include long-term and short-term loans and borrowings, bank overdrafts, trade payables, lease liabilities, derivative financial instruments and eligible current and non-current liabilities.

Financial instruments are recognised initially at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated. Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Group has not retained control over the financial asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired, and when its terms are modified and the cash flows are substantially different. Subsequent to initial recognition, financial instruments are measured as described below.

Financial instruments measured at amortised cost

Except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition, financial instruments that meet the following criteria are measured at amortised cost using the effective interest method:

- They are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The amortised cost is reduced by impairment losses. Finance income or expense, foreign exchange gains and losses and impairments are recognised in profit and loss. The following financial assets and liabilities are classified as measured at amortised cost:

Cash and cash equivalents

Cash and cash equivalents, on the statement of financial position and for the purpose of the cash flow statement, includes cash on hand, in banks, placements held at call with banks and other short-term highly-liquid investments with maturities of three months or less. Where the Group does not have the right to offset, bank overdrafts are shown as borrowings in current liabilities on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.15 Financial instruments (continued)

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group may obtain security for certain trade receivables in the form of cash deposit, bank guarantees, credit insurance and assets securities, which can be called upon if the counterparty is in default under the terms of the agreement.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Where trade finance facilities are used to extend payment terms, these facilities are presented as short-term borrowings in the consolidated statement of financial position.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income, over the period of the borrowings, using the effective interest method.

Other assets and other liabilities

Other assets such as employee loans, brand promotion fund receivables, customer deposits and other liabilities are measured at amortised cost using the effective interest rate method.

Equity investments at fair value through other comprehensive income (FVTOCI)

For equity investments not held for trading, the Group elected to present subsequent changes in the investment's fair value in other comprehensive income. The Group subsequently measures these assets at fair value with fair value gains and losses recognised in other comprehensive income and never reclassified to profit or loss. Dividends are recognised in profit or loss as other income when the Group's right to receive payment is established.

Financial instruments measured at fair value through profit or loss (FVTPL)

Instruments that are not measured at amortised cost or FVTOCI are measured at FVTPL. These instruments are subsequently measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The gain or loss on disposal is recognised in profit or loss. Financial instruments at FVTPL include derivative financial instruments.

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Group limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Group enters into derivative contracts where the counterparty is primarily a bank.

Derivative financial instruments are initially recognised and subsequently measured at fair value. Attributable transaction costs are recognised in profit or loss as a cost.

Changes in fair value of foreign currency derivative instruments neither designated as cash flow hedges nor hedges of net investment in foreign operations are recognised in profit or loss and reported within foreign exchange gains, net within results from operating activities.

Changes in fair value and gains or losses on the settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedges, are recorded in finance expense. Changes in fair value and gains or losses on the settlement of foreign currency derivative financial instruments relating to operational transactions, which have not been designated as hedges, are recorded in other income.

Net investment hedges

When derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognised in OCI and presented in currency translation reserve within equity. Any ineffective portion of foreign exchange gains and losses is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

2.16 Impairment of financial assets

The Group applies the expected credit loss (ECL) model for recognising impairment losses on financial assets measured at amortised cost. The ECL is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using the effective interest rate.

Loss allowance for financial assets other than trade receivables are measured at the amount equal to 12 months' ECL, as they are considered low risk, unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL. Since the contractual terms for most of the Group's financial assets are typically less than 12 months, there is no significant difference between the measurement of 12 months' and lifetime ECL.

For trade receivables, a simplified impairment approach is applied and the ECL is measured at the amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. Lifetime ECL for trade receivables is computed by taking into account historical credit loss experience adjusted for forward-looking information. Experienced credit judgement is applied to ensure that the weighted probabilities of default are reflective of the credit risk associated with the Group's exposure.

The measurement of the ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss after recovery if there is a default) and the exposure at default (i.e. the asset's carrying amount). The ECL is based on the historical impairment data, of trade receivables, grouped into various age categories and geographical location. The impact of forward-looking macroeconomic factors on the expected credit losses are taken into account in the impairment data used for the ECL model. The Group considers there to be a high magnitude of exposure on default of debt, when the counterparty fails to engage in an acceptable repayment plan or fails to make contractual payments, for a period greater than 180 days past due. The majority of the Group's ECL provision is made up of trade receivables over 180 days. There is no impairment consideration for overdue amounts that are secured with highly liquid collateral. Security held on trade receivables does not have a significant impact on the risk of trade receivables.

Financial assets are considered to be impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes but is not limited to observable data at the reporting date that confirms potential future impairment such as severe financial difficulty of a counterparty; probability that a counterparty will enter bankruptcy; a contract breach; disappearance of an active market for a counterparty's products; concession being granted to a counterparty for economic or contractual reasons due to a financial difficulty that would not otherwise be considered; and other financial reorganisation of a counterparty's business. At the reporting date, any significant change in credit risk arising from these factors results in an adjustment of default probabilities. Where the Group has no reasonable expectation of recovering the debt, for example where all legal avenues for collection of amounts due have been exhausted, the debt (or relevant portion) is written off.

2.17 Share capital

Ordinary shares are classified as equity. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

2.18 Non-controlling interest

Non-controlling interests in the Group's equity are stated at the non-controlling interest's proportionate share of the net assets and liabilities of the companies concerned.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20 Share-based payments

The Group issues equity-settled and cash-settled share-based payments to employees via shares and share option plans.

Equity-settled share-based payments

Equity-settled share-based payments arising from the Long-Term Incentive Plan (LTIP) and the IPO Share Award Plan are measured at fair value (excluding the effect of non-market vesting conditions) at grant date. The fair value determined at grant date is recognised over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market vesting conditions. A corresponding increase in other reserves is also recognised in equity.

Cash-settled share-based payments

Cash-settled share-based payments arising from the Vivo Energy Management Equity Plan are recognised as an expense over the vesting period, measured by reference to the fair value of the corresponding liability which is recognised in the consolidated statements of financial position. The liability is measured at fair value at each reporting date until settlement, with changes in fair value recognised in the consolidated statement of comprehensive income.

2.21 Leases

Leases are included in right-of-use (ROU) assets and lease liabilities on the Group's consolidated statement of financial position.

ROU assets and lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Group uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The ROU assets also include any lease payments made at or before the commencement date, any initial direct costs incurred and less any lease incentives. The ROU assets acquired under IFRS 16 'Leases' are depreciated on a straight-line basis over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The measurement of the lease liability may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. After the initial measurement at commencement, the carrying amount of the lease liability is increased by interest on the lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications. Interest on the lease liability is computed based on the initial discount rate used to compute the lease liability at commencement (or if applicable a revised discount rate used in a modification or remeasurement) to produce a constant period rate of interest on the remaining balance of the lease liability.

Lease agreements including a lease and non-lease component are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Group will account for them as a single lease component. Additionally, the Group applies a portfolio approach to effectively account for the ROU assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.22 Provisions

Provisions are liabilities of uncertain timing or amounts. Provisions are recognised when the Group has a present, legal or constructive obligation as a result of past events, that will result in a probable outflow of economic resources, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance expense.

Compulsory stock provision

The oil market regulator in Morocco introduced an industry mechanism to enable oil market operators to maintain the necessary compulsory stock volume requirement. The compulsory stock provision relates to amounts due to the oil market regulator in Morocco for cash received to fund the compulsory stock obligation (CSO). The cash received in 1994 was based on the CSO levels and the government regulated oil price at that time. The amount due to the government is classified as a non-current liability in 'Other liabilities' in the consolidated statement of financial position.

Since 1 December 2015, the fuel market in Morocco has been deregulated. The difference between the government regulated oil price at the end of November 2015 and the purchase price of the compulsory stock in 1994 is accounted for as a non-current provision. As the price structure for LPG products remains regulated the fluctuations in the oil prices are calculated on an ongoing basis. As at 31 December 2020, the Moroccan government has not indicated a repayment date for the compulsory stock obligation.

Legal and other provisions

Legal and other provisions include provisions for environmental restoration, restructuring costs and legal claims. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

2.23 Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Full actuarial valuation was performed for all the defined benefit plans. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current and past service costs are recognised immediately in profit or loss. Net finance expense/income will be calculated as the product of the net defined liability/asset and the discount rate as determined at the beginning of the year and is included in net finance expense in the statement of comprehensive income.

Defined benefit scheme characteristics and funding

The Group operates multiple post-employment defined benefit schemes for its employees in half of its operating countries.

The multiple pension schemes provide the employees with a pension or lump sum retirement benefit where the exact pension payments on retirement differ per scheme. For some operating companies (mainly Ghana and Namibia) there is an additional post-employment health scheme.

Approximately 84% of the total defined benefit obligations are unfunded. The other 16% of the total defined benefit obligations are funded. The funded plan relates to the pension schemes in Mauritius and Gabon. The funded plans are legally separate from the Group and administered by a separate fund and comply with local regulatory and legal requirements.

The schemes are exposed to a number of risks, including:

- Investment risk: movement of discount rate used (high-quality corporate bonds) against the return from plan assets. If plan assets underperform against the yield then this will create a deficit;
- Interest rate risk: decreases/increases in the discount rate used (high-quality corporate bonds) will increase/decrease the defined benefit obligation;
- Longevity risk: changes in the estimation of mortality rates of current and former employees; and
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 'Provisions' and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.24 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. The Group periodically evaluates positions taken or intended to be taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It accounts for uncertain tax positions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. The criteria considered when recognising deferred income tax assets includes:

- The existence of taxable temporary differences that relate to the same taxation authority and same taxable entity; and
- The expected future taxable profits and tax planning opportunities. In case of a history of recent losses, it has been considered whether other convincing evidence is available to support the recognition of the deferred income tax assets.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL RISK MANAGEMENT

3.1 Financial instruments by category

The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current year and the comparative year:

US\$ million	31 December 2020			
	Measured at amortised cost	Measured at FVTOCI	Total carrying value	Fair value
Financial assets				
Trade receivables ¹	344	–	344	344
Cash and cash equivalents	515	–	515	515
Financial assets at FVTOCI	–	12	12	12
Other assets ²	127	–	127	127
Total	986	12	998	998

1 Trade receivables include credit secured receivables of \$180m.

2 Other assets (note 16) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

US\$ million	31 December 2020			
	Measured at amortised cost	Measured at FVTPL	Total carrying value	Fair value
Financial liabilities				
Trade payables	1,048	–	1,048	1,048
Borrowings	682	–	682	707
Other liabilities ¹	215	–	215	215
Lease liabilities	143	–	143	143
Other financial liabilities	–	9	9	9
Total	2,088	9	2,097	2,122

1 Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

US\$ million	31 December 2019			
	Measured at amortised cost	Measured at FVTOCI	Total carrying value	Fair value
Financial assets				
Trade receivables ¹	451	–	451	451
Cash and cash equivalents	517	–	517	517
Financial assets at FVTOCI	–	9	9	9
Other assets ²	115	–	115	115
Total	1,083	9	1,092	1,092

1 Trade receivables include credit secured receivables of \$206m.

2 Other assets (note 16) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

US\$ million	31 December 2019			
	Measured at amortised cost	Measured at FVTPL	Total carrying value	Fair value
Financial liabilities				
Trade payables	1,257	–	1,257	1,257
Borrowings	600	–	600	600
Other liabilities ¹	225	–	225	225
Lease liabilities	125	–	125	125
Other financial liabilities	–	3	3	3
Total	2,207	3	2,210	2,210

1 Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

3.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require Group companies to manage their foreign exchange risk. Group treasury is required to approve all hedging plans before execution. The Group has a number of natural hedges in place, where the timing of foreign currency payments is matched with the receipts in a similar currency. Forward contracts are used to manage the foreign exchange risk arising from future obligations.

Foreign currency exposure on the consolidated net monetary position is \$156m (2019: \$378m). Other monetary balances in other currencies are not material. If the non-US dollar held currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been \$16m (2019: \$38m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of non-US dollar denominated receivables and payables.

Price risk

The Group generally seeks to manage its exposure to commodity price risk through careful inventory management and as at 31 December 2020 the Group was not significantly exposed to commodity price risk. In regulated markets, the Group has no price exposure as long as the sale of the inventory is matching the timing of the price structures updates, however in unregulated markets, such as Marine and Aviation, the Group may be exposed to price changes in the short-term if inventory is not carefully managed.

In Botswana, Guinea, Madagascar, Senegal and Morocco (for Butane only) the Group is financially compensated by the local government for the effect of these price restrictions. For further information see note 16. For some countries (such as Senegal) the transport costs are subsidised.

The Group does not hold equity securities for trading and is, therefore, not exposed to price risk.

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from borrowings. It is Group policy to have short-term loan facilities at floating rate and medium to long-term facilities at floating or fixed rate. The Group has short-term overdraft facilities which carry a fixed interest rate exposing the Group to fair value interest rate risk. However, given that the rate is fixed for a short period of time, and that these facilities terms are subject to renegotiation, should interest rate move, the exposure is minimal. Long-term borrowings consist of notes at fixed interest rate, which exposes the Group to fair value interest rate risk (refer to note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL RISK MANAGEMENT CONTINUED

3.2 Financial risk factors (continued)

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. At reporting date, the Group noted no significant concentrations of credit risk to individual customers or counterparties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

All external customers must have their identity checked and credit worthiness assessed and approved prior to the signing of a binding agreement or contract. Credit worthiness is assessed for all customers based on commercial data, but also considers financial data when a credit limit exceeds \$15,000 for Retail and \$100,000 for Commercial. The utilisation of credit limits is regularly monitored and checks performed on outstanding debt at regular intervals. Where the environment allows, security (bank guarantees) will be taken to secure the Group's exposure. For banks and financial institutions, management of the operating entity are responsible for making the short-term placements with the banks after approval from Group Treasury.

The investment policy is based in order of importance on security, liquidity and yield. Management will assess the counterparty risks of the third party based on financial strength, quality of management, ownership structure, regulatory environment and overall diversification. Group Treasury is required to approve all investment decisions to ensure they are made in line with the Group's credit policies. The Group has provided secured loans to individual employees (note 16).

In Morocco customer receivables to the amount of \$16m (2019: \$19m) were assigned to a factoring subsidiary of a commercial bank; the assigned amount was received in cash and the corresponding receivable was derecognised. For the late payment risk, the Group capped the exposure to six months' maximum of interest. This resulted in a continuous involvement accounting treatment where a substantial portion of the risk has been transferred. A continuous involvement liability of \$0.3m (2019: \$0.4m) was recognised. In addition, other government benefits receivable to the amount of \$36m (2019: \$9m) were assigned to a local commercial bank, the assigned amount was received in cash and the corresponding receivable was derecognised. For the late payment risk, the Group capped the exposure to 5.5 months' maximum of interest. A continuous involvement liability of \$0.6m was recognised. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. The Group has arrived at this conclusion because the factoring of the Group's B2B receivables before maturing is done on an infrequent basis. Furthermore, the Group continues to guarantee the late payment risk up to 180 days. The business model is, therefore, not impacted because the risks and rewards as existing prior to the factoring remain after the factoring.

The Group's cash and cash equivalent balances are primarily held at banks with strong credit ratings where the exposure to credit risk is considered to be limited. The extent to which the Group's cash and cash equivalent balances are held at banks where there is considered to be an exposure to credit risk is set out below:

	31 December 2020		31 December 2019	
	Credit rating	US\$ million	Credit rating	US\$ million
Banks				
Bank 1	A+	74	AAAmmf	56
Bank 2	Ba1	67	A+	49
Bank 3	Ba2	45	Ba1-	42

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the cyclical nature of the underlying businesses, the Directors aim to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by Group policies. Where short-term liquidity is needed, the operating entities organise short-term facilities to cover the deficit which have to be authorised by Group Treasury.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

US\$ million	31 December 2020					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings ¹	266	2	6	60	350	684
Trade payables	1,040	8	–	–	–	1,048
Lease liabilities	7	28	29	59	94	217
Other liabilities ²	13	22	17	2	161	215
Total	1,326	60	52	121	605	2,164

1 Borrowings exclude, as of 31 December 2020, the undrawn multi-currency revolving credit facility of \$240m (note 23).

2 Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

US\$ million	31 December 2019					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings ¹	225	81	85	211	–	602
Trade payables	1,161	89	7	–	–	1,257
Lease liabilities	6	17	20	44	90	177
Other liabilities ²	49	24	18	4	130	225
Total	1,441	211	130	259	220	2,261

1 Borrowings exclude, as of 31 December 2019, the undrawn multi-currency revolving credit facility of \$236m (note 23).

2 Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

Net investment hedge

Foreign currency exposure arises from the Group's net investment in its several subsidiaries that have the Cape Verde Escudo (CVE) and the CFA Franc BCEAO (XOF) as functional currencies that are 100% pegged to the Euro (EUR). Therefore, the risk arises from fluctuation in spot exchange rates between these currencies (or the EUR) and the US dollar, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a variation in the CVE and the XOF currencies (or the EUR) against the US dollar which will result in a variation in the carrying amount of the Group's net investment in these foreign operations.

On 24 September 2020, the Group issued \$350m notes (refer to note 23). In order to eliminate foreign exchange risk associated with the translation of the EUR pegged part of its net investment into its functional currency, the Group entered into a fixed-fixed cross-currency swap to exchange a portion of the US dollar denominated bonds to EUR. The cross-currency swap is applied for \$150m of the bonds, maturing in three years.

In 2019 part of the Group's net investment in those subsidiaries was hedged by a EUR denominated secured bank loan with carrying amount \$150m, which mitigated the foreign currency risk arising from the revaluation of the subsidiaries' net assets. The loan was designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the swap that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. FINANCIAL RISK MANAGEMENT CONTINUED

3.2 Financial risk factors (continued)

The amounts related to items designated as hedging instruments in the statement of financial position and the statement of comprehensive income were as follows:

US\$ million	Carrying amount			31 December 2020
	Nominal amount	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is included
Cross currency swap	150	–	150	Borrowings
	Change in value used for calculating hedge for 2020	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Cross currency swap	(7)	(7)	–	Not applicable

US\$ million	Carrying amount			31 December 2019
	Nominal amount	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is included
Foreign exchange denominated debt	239	–	150	Borrowings
	Change in value used for calculating hedge for 2019	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Foreign exchange denominated debt	(3)	(3)	–	Not applicable

3.3 Capital management

The Group's capital management objective is to maintain a commercially sound consolidated statements of financial position with the aim of maximising the net cash return to the shareholders, while maintaining a level of capitalisation that is commercially defensible and which leads to an effective and optimised working capital structure.

Liquidity and capital resources are monitored through a review of the Group's net debt position, leverage ratio and available short-term capital resources. Net debt is calculated as total borrowings and lease liabilities (including current and non-current borrowings and lease liabilities as shown in the consolidated statements of financial position) less cash and cash equivalents. The leverage ratio is calculated as net debt divided by adjusted EBITDA. For details related to key covenants refer to note 23.

US\$ million	31 December 2020	31 December 2019
Long-term debt (note 23)	408	371
Lease liabilities (note 27)	143	125
Total debt excluding short-term bank borrowings	551	496
Short-term bank borrowings ¹	274	229
Less: cash and cash equivalents (note 19)	(515)	(517)
Net debt	310	208

¹ Short-term bank borrowings exclude the current portion of long-term debt.

US\$ million	31 December 2020	31 December 2019
Net debt	310	208
Adjusted EBITDA ¹	360	431
Leverage ratio	0.86x	0.48x

¹ For the description and reconciliation of non-GAAP measures refer to pages 40 and 41.

US\$ million	31 December 2020	31 December 2019
Cash and cash equivalents	515	517
Available undrawn credit facilities	1,563	1,410
Available short-term capital resources	2,078	1,927

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure sound capital management.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Accounting for leases under IFRS 16

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary between five years to unlimited period. The Group uses significant assumptions that all of the existing leases that are expiring within the following five years, and have an extension option, will be extended for an additional five-year period, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Group elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset. For additional details relating to leases refer to note 27.

4.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are discussed below.

Goodwill impairment assessment

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.12. The recoverable amount of each cash-generating unit (CGU) was determined based on a Fair Value Less Cost of Disposal calculation which was based upon cash flow projections from the five-year business plan prepared for each CGU. The terminal value was estimated based upon a perpetuity growth rate of 1.6%, reflecting an inflationary level of growth beyond the five-year plan. Post-tax discount rate of 12.2% was used to discount the projected cash flows.

Based on the impairment test carried out, goodwill is not considered to be impaired. No impairment would occur, if the post-tax discount rate applied to the cash flow projection of each CGU had been 1% higher than management estimates and all other assumptions remain unchanged. The Retail fuel and Commercial fuel segments would only result in an indication of impairment if the post-tax discount rates increased to 19.4% and 18.2% respectively.

Government related assets and liabilities

The Group has various assets from and liabilities to governments and authorities with respect to government benefits receivable as well as for taxes and duties. The Group constantly assesses underlying inherent risks and assumptions and as a consequence related accounting estimates are determined and adjustments are made to the carrying amounts of those assets and liabilities, where necessary. A key element in the assessment of uncertainty of recoverability of government benefit receivables is the credit risk associated with these governments; this is considered in note 16.

Tax positions

The Group operates across many tax jurisdictions and the interpretation and application of tax law can be complex and requires judgement to assess the risk and estimate the potential outcomes. These outcomes can vary significantly from what has been provided. The Group recognises many individually immaterial provisions with a cumulative amount totalling \$23m related to income tax and \$37m related to indirect and other tax matters recorded in other assets, other liabilities and provisions. These are recorded for the amount that is expected to be settled where this can be reasonably estimated. This reflects management's assessment of the expected value of such risks based on a multiple scenario outcome and likelihood. Factors considered include the status of recent current tax audits and enquiries; the results of previous claims; the transfer pricing policies of the Group and any changes to the relevant tax environments. The timing of the resolution of the risks is uncertain and may take many years, however is expected to be within the next five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. SEGMENT REPORTING

The Group operates under three reportable segments: Retail, Commercial and Lubricants.

Retail segment – Retail fuel is aggregated with Non-fuel retail. Both the operating segments derive revenue from Retail customers who visit our Retail sites. Retail fuel and Non-fuel revenues are aggregated as the segments are managed as one unit and have similar customers. The economic indicators that have been addressed in determining that the aggregated segments have similar economic characteristics are that they have similar expected future financial performance and similar operating and competitive risks.

Commercial segment – Commercial fuel, LPG, Aviation and Marine are aggregated in the Commercial segment as the operating segments derive revenues from Commercial customers. The segments have similar economic characteristics. The economic indicators that have been addressed are the long-term growth and average long-term gross margin percentage.

Lubricants segment – Retail, B2C, B2B and Export Lubricants are the remaining operating segments. Since these operating segments meet the majority of aggregation criteria, they are aggregated in the Lubricants segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Directors monitor the operating results of business units separately for the purpose of making decisions about resource allocation, segment performance assessment and interacting with segment managers.

The following tables present revenues and profit information regarding the Group's operating segments:

US\$ million	2020			
	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	4,436	2,116	366	6,918
Gross profit	387	156	74	617
Add back: depreciation and amortisation	51	25	4	80
Gross cash profit	438	181	78	697
Adjusted EBITDA ¹	216	92	52	360

¹ Refer to note 6 for the reconciliation to EBIT.

US\$ million	2019			
	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	5,249	2,678	375	8,302
Gross profit	411	192	72	675
Add back: depreciation and amortisation	43	22	3	68
Gross cash profit	454	214	75	743
Adjusted EBITDA ¹	242	135	54	431

¹ Refer to note 6 for the reconciliation to EBIT.

US\$ million	2020		2019
	2020	2019	
Share of profit of joint ventures and associates included in segment EBITDA			
Lubricants	8	12	
Retail	4	5	
Commercial	4	5	
Total	16	22	

The amount of revenues from external customers by location of the customers is shown in the table below.

US\$ million	2020	2019
Revenue from external customers by principal country		
Kenya	1,181	1,256
Morocco	1,075	1,476
Côte d'Ivoire	546	604
Other	4,116	4,966
Total	6,918	8,302

US\$ million	31 December 2020	31 December 2019
Non-current assets by principal country (excluding deferred tax)		
Morocco	245	208
The Netherlands	232	232
Kenya	153	143
Other	1,042	988
Total	1,672	1,571

6. RECONCILIATION OF NON-GAAP MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The exclusion of certain items (special items) from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures, as well as the exclusion of special items, provides users with enhanced understanding of results and related trends and increases the transparency and clarity of the core results of operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and are used in determining senior management remuneration.

US\$ million	2020	2019
EBT	175	246
Finance expense – net	60	64
EBIT	235	310
Depreciation, amortisation and impairment	125	106
EBITDA	360	416
Adjustments to EBITDA related to special items:		
Hyperinflation ¹	2	–
IPO ² and Engen acquisition related expenses ³	1	11
Write-off of non-current asset ⁴	–	3
Restructuring ⁵	–	3
Management Equity Plan ⁶	(3)	(2)
Adjusted EBITDA	360	431

¹ The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.

² IPO related items in 2020 and 2019 concern the IPO share awards which are accrued for over the vesting period.

³ On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses are treated as special items.

⁴ The Group recognised a write-off in 2019 related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance and are, therefore, treated as special items.

⁵ Restructuring costs were incurred in 2019 mainly as a result of the integration of VEOHL into our business model. The impact from these activities does not form part of the core operational business activities and performance and was, therefore, treated as a special item in 2019.

⁶ The Management Equity Plan vested at IPO in May 2018 and is exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6. RECONCILIATION OF NON-GAAP MEASURES CONTINUED

US\$ million	2020	2019
Net income	90	150
Adjustments to net income related to special items:		
Hyperinflation ¹	2	–
IPO ² and Engen acquisition related expenses ³	1	11
Write-off of non-current asset ⁴	–	3
Restructuring ⁵	–	3
Management Equity Plan ⁶	(3)	(2)
Tax on special items	–	(3)
Adjusted net income	90	162
US\$	2020	2019
Diluted EPS	0.06	0.11
Impact of special items	–	0.01
Adjusted diluted EPS	0.06	0.12

- The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.
- IPO related items in 2020 and 2019 concern the IPO share awards which are accrued for over the vesting period.
- On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses are treated as special items.
- The Group recognised a write-off in 2019 related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance and are, therefore, treated as special items.
- Restructuring costs were incurred in 2019 mainly as a result of the integration of VEOHL into our business model. The impact from these activities does not form part of the core operational business activities and performance and was, therefore, treated as a special item in 2019.
- The Management Equity Plan vested at IPO in May 2018 and is exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

The Group defines Headline earnings as earnings based on net income attributable to owners of the Group, before items of a capital nature, net of income tax as required for companies listed on the Johannesburg Stock Exchange.

US\$ million, unless otherwise indicated	2020	2019
Headline earnings per share		
Net income attributable to owners	80	136
Re-measurements:		
Net gain on disposal of PP&E and intangible assets	(4)	–
Write-off of non-current asset ¹	–	3
Income tax on re-measurements	1	(1)
Headline earnings	77	138
Weighted average number of ordinary shares (million)	1,266	1,255
Headline EPS (US\$)	0.06	0.11
Diluted number of shares (million)	1,266	1,255
Diluted headline EPS (US\$)	0.06	0.11
Effective tax rate	49%	39%

- The Group recognised a write-off in 2019 related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures resulted in the re-measurement of an asset and is therefore excluded.

7. GENERAL AND ADMINISTRATIVE COST

Employee benefits

US\$ million	2020	2019
Wages, salaries and other employee benefits	163	159
Restructuring, severance and other involuntary termination costs ¹	7	3
Retirement benefits	10	7
Share-based payment expense	–	(1)
	180	168

¹ Total restructuring costs amount to \$7m (2019: \$3m) of which some elements are reflected in other employee benefits categories.

Included in the employee benefit expense for the year ended 31 December 2020, was social security expense of \$1m (2019: \$1m) and other pension costs relating to employees employed in the UK. Refer to note 3 in the Company financial statements.

Employee benefits have been charged in:

US\$ million	2020	2019
General and administrative cost	102	96
Selling and marketing cost	43	39
Cost of sales	35	33
	180	168

The monthly average number of full time equivalent employees was as follows:

	2020	2019
Sales and distribution	1,904	1,845
Administration and support	794	755
	2,698	2,600

Depreciation and amortisation

Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets are separately disclosed in notes 11, 12 and 27 respectively.

Audit fees

US \$'000	2020	2019
Parent company and consolidated financial statements	1,248	1,656
Subsidiaries ¹	1,175	1,383
Audit fees²	2,423	3,039
Audit-related fees ³	377	692
Tax advisory fees	–	5
Other assurance services ⁴	227	193
Other non-audit services	–	11
Other fees total	604	901
Total fees	3,027	3,940

¹ Audit fees for foreign entities are expressed at the average exchange rate for the year.

² Audit fees in 2019 comprise fees for the business combination in relation to the VEOHL acquisition and the SAP S/4HANA implementation.

³ Audit-related fees relate to interim financial statements reviews.

⁴ Other assurance services relate mainly to comfort letter procedures in respect to note issuance and volume certificates to support brand royalty expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. OTHER INCOME/(EXPENSE)

US\$ million	2020	2019
Net gain on disposals of PP&E and intangible assets	4	–
Gain on financial instruments	–	1
Other income	–	1
	4	2

9. FINANCE INCOME AND EXPENSE

US\$ million	2020	2019
Finance expense		
Interest on bank and other borrowings and on lease liabilities ¹	(39)	(35)
Interest on long-term debt including amortisation of set-up fees	(25)	(24)
Net impact of hyperinflation ²	(3)	(5)
Accretion expense net defined benefit liability	(2)	(2)
Foreign exchange loss	–	(1)
Other	(3)	(4)
	(72)	(71)
Finance income		
Interest from cash and cash equivalents	8	7
Foreign exchange gain	4	–
	12	7
Finance expense – net	(60)	(64)

¹ Includes an amount of \$12m (2019: \$11m) finance expense for leases in respect to IFRS 16 'Leases'.

² Represents the net monetary loss impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

10. INCOME TAXES

Current income taxes

Analysis of income tax expense:

US\$ million	2020	2019
Current tax		
Current income tax	(96)	(95)
Current income tax prior years	8	(2)
	(88)	(97)
Deferred tax		
Deferred income tax	6	1
Deferred income tax prior years	(3)	–
	3	1
Income tax expense	(85)	(96)

The reconciliation of income taxes, computed at the statutory tax rate, to income tax expense was as follows:

US\$ million	2020	2019
EBT	175	246
Statutory tax rate	19%	19%
Income tax expense at statutory tax rate	(33)	(47)
Increase/(decrease) resulting from:		
Impact of tax rates in foreign jurisdictions	(18)	(23)
Income not subject to tax	6	7
Expenses not tax deductible	(11)	(11)
Non-recognition of tax benefits in relation to current period tax losses or temporary differences	(10)	(5)
Recognition and utilisation of previously unrecognised tax losses or temporary differences ¹	3	6
Withholding tax	(19)	(19)
Other ²	(3)	(4)
Income tax expense	(85)	(96)
Effective tax rate	49%	39%

1 In 2019, \$1m was recognised after the business acquisition and was supported by developments in the acquired markets.

2 Amongst others, includes movements related to uncertain tax positions.

Deferred income taxes

The significant components of the Company's recognised deferred income tax assets and liabilities were as follows:

US\$ million	31 December 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Property, plant and equipment	1	(43)	1	(31)
Intangible assets	–	(22)	–	(23)
Retirement benefits	10	(1)	9	(1)
Provisions	17	–	17	(2)
Withholding taxes	–	(16)	–	(15)
Tax losses carried forward ¹	13	–	12	–
Other	33	(18)	17	(16)
	74	(100)	56	(88)
Offsetting of balances	(28)	28	(22)	22
Total	46	(72)	34	(66)

1 \$4m of the recognised deferred tax asset for tax losses carried forward, is supported by expected future taxable profits (2019: \$8m).

The changes in the net deferred income tax assets and liabilities were as follows:

US\$ million	2020	2019
Balance at the beginning of year, net	(32)	(15)
In profit	3	1
In other comprehensive income	1	(1)
Business acquisition	–	(19)
Other	–	1
Foreign exchange differences	2	1
	(26)	(32)

Unrecognised deferred tax assets relate to carry forward losses of \$98m (2019: \$93m) and tax credit carry forwards of \$12m (2019: \$4m). Of the unrecognised carry forward losses \$1m will expire at the end of 2023, \$7m at the end of 2024, \$15m at the end of 2025 and \$75m at the end of 2026 or later.

The unrecognised taxable temporary differences associated with undistributed retained earnings of investments in subsidiaries, joint ventures and associates amounts to \$25m (2019: \$20m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

II. PROPERTY, PLANT AND EQUIPMENT

					2020
US\$ million	Land	Buildings	Machinery and other equipment	Construction in progress	Total
Cost at 1 January 2020	55	319	552	92	1,018
Additions	2	16	25	109	152
Disposals	(5)	(4)	(17)	(9)	(35)
Transfers	–	7	69	(76)	–
Foreign exchange differences ¹	–	1	13	–	14
Cost at 31 December 2020	52	339	642	116	1,149
Accumulated depreciation at 1 January 2020	–	(54)	(141)	–	(195)
Depreciation	–	(17)	(65)	–	(82)
Disposals	–	3	17	–	20
Foreign exchange differences ¹	–	–	(3)	–	(3)
Accumulated depreciation at 31 December 2020	–	(68)	(192)	–	(260)
Net carrying value at 31 December 2020	52	271	449	117	889

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

					2019
US\$ million	Land	Buildings	Machinery and other equipment	Construction in progress	Total
Cost at 1 January 2019	33	229	453	68	783
Additions	–	6	25	93	124
Business acquisition ¹	22	71	61	9	163
Disposals	–	(4)	(29)	–	(33)
Transfers	1	24	53	(78)	–
Foreign exchange differences ²	(1)	(7)	(11)	–	(19)
Cost at 31 December 2019	55	319	552	92	1,018
Accumulated depreciation at 1 January 2019	–	(43)	(118)	–	(161)
Depreciation	–	(16)	(56)	–	(72)
Disposals	–	3	28	–	31
Foreign exchange differences ²	–	2	5	–	7
Accumulated depreciation at 31 December 2019	–	(54)	(141)	–	(195)
Net carrying value at 31 December 2019	55	265	411	92	823

¹ Includes PP&E recognised on acquisition of VEOHL of \$149m.

² Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

No assets have been pledged as security. Depreciation charge of \$82m (2019: \$72m) is included in cost of sales for \$73m (2019: \$64m), in selling and marketing cost for \$1m (2019: \$1m) and in general and administrative cost for \$8m (2019: \$7m).

12. INTANGIBLE ASSETS

US\$ million					2020
	Shell licence agreement	Goodwill	Computer software	Other	Total
Cost at 1 January 2020	139	81	75	57	352
Additions	–	–	16	–	16
Foreign exchange differences ¹	–	(2)	–	–	(2)
Cost at 31 December 2020	139	79	91	57	366
Accumulated amortisation at 1 January 2020	(82)	–	(19)	(25)	(126)
Amortisation	(5)	–	(9)	(4)	(18)
Accumulated amortisation at 31 December 2020	(87)	–	(28)	(29)	(144)
Net carrying value at 31 December 2020	52	79	63	28	222

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

US\$ million					2019
	Shell licence agreement	Goodwill	Computer software	Other	Total
Cost at 1 January 2019	143	21	51	32	247
Additions	–	–	25	–	25
Business acquisition	–	65	–	25	90
Foreign exchange differences ¹	(4)	(5)	(1)	–	(10)
Cost at 31 December 2019	139	81	75	57	352
Accumulated amortisation at 1 January 2019	(77)	–	(16)	(20)	(113)
Amortisation	(5)	–	(3)	(5)	(13)
Accumulated amortisation at 31 December 2019	(82)	–	(19)	(25)	(126)
Net carrying value at 31 December 2019	57	81	56	32	226

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.6.

Amortisation charge of \$18m (2019: \$13m) is included in cost of sales for \$3m (2019: \$1m), selling and marketing cost for \$12m (2019: \$9m) and general and administrative cost for \$3m (2019: \$3m).

Impairment test for goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGUs was determined based on Fair Value Less Cost of Disposal calculation which requires the use of assumptions. The calculations use cash flow projections based on an approved business plan covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate shown below. The terminal value was calculated using the Gordon Growth formula.

Goodwill is monitored at the operating segment level on a non-aggregated basis. The Group has several non-aggregated operating segments, however, the goodwill is allocated to Retail fuel and Commercial fuel given that substantially all activities of the acquired businesses relate to these two operating segments. Both the goodwill acquired in the 2019 Engen acquisition and the goodwill acquired from previous acquisitions are allocated and considered for impairment testing together at the non-aggregated operating segments Retail fuel and Commercial fuel. For this purpose, a discounted cash flow analysis was used to compute the recoverable amount using the approved plan. This results in 81% of the carrying amount of goodwill being allocated to Retail fuel and 19% of the carrying amount being allocated to Commercial fuel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. INTANGIBLE ASSETS CONTINUED

The following tables set out the key assumptions for those CGUs that have a significant goodwill allocated to them:

	2020	
	Retail fuel	Commercial fuel
Volume compounded annual growth rate	6.2%	4.8%
Gross cash profit compounded annual growth rate	5.8%	5.3%
Post-tax discount rate	12.2%	12.2%
Long-term growth rate	1.6%	1.6%

The methodology applied to each of the key assumptions used is as follows:

Assumptions	Approach used to determine values
Volume growth	Volume growth over the five-year forecast period; based on past performance and management expectations of market developments.
Gross cash profit growth	Based on past performance and management expectations of the future.
Post-tax discount rate	Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition and barriers to entry.
Long-term growth rate	Based on the IMF GDP projections for the markets where Vivo Energy operates. Sensitivity analysis was performed for changes in long-term growth rate by -1.5% and +2.0%.

The Group considers the post-tax discount rate to be the most sensitive assumption. No impairment would occur, if the post-tax discount rate applied to the cash flow projection of each CGU had been 1% higher than management estimates and all other assumptions in the table above are unchanged. Goodwill in relation to the Retail fuel and Commercial fuel CGUs would only result in an indication of impairment if the post-tax discount rates increased to 19.4% and 18.2%, respectively. There are no reasonable possible changes that could occur to key assumptions that would reduce the recoverable amount below the carrying amount.

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group also has interests in a number of associates and joint ventures that are accounted for using the equity method. A comprehensive listing of the Group's joint ventures and associates can be found in note 15 of the Company financial statements.

US\$ million	2020	2019
At 1 January	227	223
Acquisition of businesses	14	5
Share of profit	16	22
Dividend received	(24)	(22)
Foreign exchange differences	(2)	(1)
At 31 December	231	227

In December 2017, the Group acquired a 50% interest in Shell and Vivo Lubricants B.V. (SVL) that is considered a material investment to the Group. SVL is the principal supplier of manufacturing, sales and distribution for lubricants products in Africa. The investment is a joint venture investment and measured using the equity method. SVL is jointly owned by Vivo Energy Investments B.V. (50%) and Shell Overseas Investments B.V. (50%).

The table below provides summarised financial information for the carrying amount of the investment in SVL.

US\$ million	2020	2019
At 1 January	164	163
Share of profit	8	12
Dividend received	(15)	(11)
Foreign exchange differences	(1)	–
At 31 December	156	164

The total assets of SVL as per 31 December 2020 are \$220m (2019: \$241m), of which \$139m (2019: \$156m) relate to current (including cash and cash equivalents of \$30m (2019: \$28m)) and \$81m (2019: \$85m) to non-current assets. The current liabilities are \$73m (2019: \$89m) (including borrowings of \$15m (2019: \$21m)) and non-current liabilities of \$11m (2019: \$6m). The revenue for the year ending 31 December 2020 was \$255m (2019: \$281m), and profit after income tax was \$18m (2019: \$21m). Other comprehensive income, net of tax, for the year amounted to \$1m (2019: loss of \$1m). The 2020 profit includes amortisation and depreciation of \$9m (2019: \$8m), net finance expense of \$1m (2019: \$1m) and income tax expense of \$13m (2019: \$9m).

The carrying value of SVL includes a notional goodwill of \$96m calculated as the difference between the cost of the investment and the investor's share of the fair values of the investee's identifiable assets and liabilities acquired. Since the notional goodwill is not shown as a separate asset, it is not required to be separately tested for impairment, nor does it trigger an annual impairment test.

There are no contingent liabilities relating to the Group's investments in joint ventures and associates.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group has classified equity investments as financial instruments at FVTOCI (without recycling). These investments are measured using inputs for the asset or liability that are in absence of observable market data, based on net asset value of the related investments (level 3 in the IFRS 13 'Fair Value Measurement' hierarchy).

The value is based on the net asset value of the related investments and therefore no sensitivity analysis is presented.

US\$ million	2020	2019
At 1 January	9	8
Fair value adjustment	2	1
Foreign exchange differences	1	—
At 31 December	12	9

Financial assets at fair value through other comprehensive income relate to the Group's investment in Société de Gestion des Stocks Pétroliers de Côte d'Ivoire S.A. (GESTOCI) in which it holds an interest of circa 17%. The Group does not have significant influence or joint control in the investee. The investment is not held for trading and not a contingent consideration recognised by an acquirer in a business combination, therefore, at initial recognition the Group has elected to account for the investment at fair value through other comprehensive income.

No dividends were received from GESTOCI in 2020 and 2019. Financial assets at fair value through other comprehensive income are categorised as level 3 of the fair value hierarchy and are the only level 3 financial assets within the Group. There were no changes made during the year to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.

15. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets and liabilities are derivative instruments comprising forward foreign exchange contracts and cross-currency swaps with a fair value of \$(9)m (2019: \$(3)m). In 2020 the Group settled an interest rate swap on long-term borrowings and entered into a fixed-fixed cross-currency swap. Other financial assets and liabilities are categorised as level 2 of the fair value hierarchy. There have been no transfers between any levels during the year.

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 techniques are:

- The fair value of cross-currency swaps is calculated as the present value of the estimated future cash flows based on current market data provided by third party banks; and
- The fair value of forward foreign exchange contracts is calculated by comparison with current forward prices of contracts for comparable remaining terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. OTHER ASSETS

US\$ million	31 December 2020	31 December 2019
Prepayments	86	99
Amounts due from dealers and joint ventures	60	33
VAT and duties receivable	59	61
Other government benefits receivable	45	92
Deposits	13	13
Indemnification asset on legal and tax claims	12	13
Employee loans	7	7
Other ¹	35	49
	317	367
Current	200	257
Non-current	117	110
	317	367

¹ The amount mainly comprises of other non-current receivables.

Other government benefits receivable

US\$ million	Credit rating	31 December 2020	31 December 2019
Senegal	Ba3	24	38
Morocco	BB+	10	22
Guinea	None available	3	7
Botswana	BBB+	1	3
Madagascar	None available	–	10
Other		7	12
		45	92

The Group is exposed to credit risk in relation to other government benefits receivables. Based on management's review on the recoverability of these receivables it believes the credit risk in relation to these balances is relatively low. Other government benefits receivable are partially provided for and presented net of provisions for impairment of \$24m (2019: \$18m). For the year \$103m (2019: \$133m) of other government benefits were recognised in cost of sales for compensation of costs incurred.

17. INVENTORIES

US\$ million	31 December 2020	31 December 2019
Fuel	401	436
Lubricants	77	79
Other	2	2
	480	517

Cost of sales as disclosed on the face of the consolidated statements of comprehensive income include the total expense for inventory during the year for \$5,976m (2019: \$7,379m). The carrying value of inventory represents the net realisable value. Provisions for write-downs of inventories to the net realisable value amounted to \$8m as per 31 December 2020 (2019: \$7m).

18. TRADE RECEIVABLES

Trade receivables were as follows, as at:

US\$ million	31 December 2020	31 December 2019
Trade receivables	410	506
Less: loss allowance of trade receivables	(66)	(55)
Trade receivables – net	344	451

The fair values of trade receivables approximate their carrying value as they are deemed short-term in their nature and recoverable within 12 months.

Movements in the loss allowance of trade receivables are as follows:

US\$ million	2020	2019
At 1 January	55	41
Additions ¹	14	22
Reversals	(6)	(4)
Utilisation	(1)	(2)
Foreign exchange differences	4	(2)
At 31 December	66	55

¹ Additions in 2019 include an amount of \$10m related to acquired assets of VEOHL.

19. CASH AND CASH EQUIVALENTS

US\$ million	31 December 2020	31 December 2019
Cash	479	348
Cash equivalents:		
Short-term placements	36	65
Money market funds and other cash equivalents	–	104
	515	517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. SHARE CAPITAL AND RESERVES

Share capital consists of 1,266,941,899 ordinary shares at the nominal value of \$0.50 each. At 31 December 2020, 1,266,808,716 shares have been issued and fully paid and entitle the holder to participate in dividends and 133,183 treasury shares. The shares held by the trust are not considered as treasury shares for the purposes of Listing Rules disclosure. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Shareholders will, under general law, be entitled to participate in any surplus assets in a winding up of the Company in proportion to their shareholding.

Other reserves are disclosed in the consolidated statements of changes in equity.

Ordinary shares	2020		2019	
	Number of shares	US\$ million	Number of shares	US\$ million
At 1 January	1,266,073,050	633	1,201,798,866	601
Capital contribution/shares issued	–	–	63,203,653	31
Share issuance related to share awards/Directors' subscriptions	868,849	–	1,070,531	1
At 31 December	1,266,941,899	633	1,266,073,050	633

21. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

US\$ million, unless otherwise indicated	2020	2019
Basic earnings per share		
Net income	90	150
Attributable to owners	80	136
Weighted average number of ordinary shares (million)	1,266	1,255
Basic earnings per share (US\$)	0.06	0.11

US\$ million, unless otherwise indicated	2020	2019
Diluted earnings per share		
Earnings attributable to owners	80	136
Diluted number of shares (million)	1,266	1,255
Diluted earnings per share (US\$)	0.06	0.11

US\$	2020	2019
Adjusted diluted earnings per share		
Diluted earnings per share	0.06	0.11
Impact of special items	–	0.01
Adjusted diluted earnings per share	0.06	0.12

22. DIVIDENDS

Given the impact of COVID-19 on the business in the first half of 2020, the Board withdrew its recommendation to pay a final dividend for 2019 and did not declare an interim dividend for the first half of 2020 in July. On 18 December 2020 the Company paid an interim dividend of 2.65 cents per share, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid rather than withdrawn. This interim dividend was paid out of distributable reserves and is reflected in the statement of changes in equity.

The Board has recommended a final dividend of circa 3.8 cents per share, amounting to \$48m, which is in respect of the full 12 months of 2020. Payment of this dividend is expected on 25 June 2021 to shareholders of record at close of business on 28 May 2021. The dividend will be paid out of distributable reserves as at 31 December 2020 and is not recognised in the statement of changes in equity.

US\$ million	2020	2019
Interim dividend	34	14
Final dividend	48	–
Total	82	14

23. BORROWINGS

US\$ million	Drawn on	Interest rate	Maturity	31 December 2020	31 December 2019
Notes ¹	24/09/2020	5.125%	24/09/2027	349	–
VEI BV Term Loan ²	09/06/2017	Libor + 2.50%/3.00%	09/06/2022	–	308
VEI BV Revolving Credit Facility ³	27/02/2019	Euribor + 1.50%/1.85%		59	63
Bank borrowings				274	229
				682	600
Current				270	306
Non-current				412	294
				682	600

1 The amounts are net of financing costs. Notes amount is \$350m; financing costs are \$1m.

2 The amounts are net of financing costs. Loan amount was \$310m in 2019; financing costs were \$2m in 2019.

3 The amount includes financing costs of circa \$1m (2019: \$1m).

Current borrowings consist of bank borrowings which carry interest rates between 1.5% and 18% per annum. Included in bank borrowings is an amount of \$50m (2019: \$17m) relating to trade financing.

The fair value of the notes is approximately \$374m based on quoted market prices at the end of the reporting period. The carrying amounts of other Group's non-current and current borrowings approximate the fair value.

The VEI BV Term Loan facility was entered into on 9 June 2017. Interest was paid quarterly at a rate of Libor +2.5% per annum. The incremental facility was drawn down on 18 December 2017 and carried an interest of Libor +2.5% for the amortised portion and Libor +3.0% for the bullet portion. The facility was refinanced in September 2020 when the Group issued \$350m notes with a coupon rate of 5.125% paid semi-annually and maturing in seven years. The notes are fully redeemed at maturity.

In May 2018, the Company established a multi-currency revolving credit facility of \$300m. The multi-currency revolving credit facility was initially utilised, in February 2019, with a drawdown of \$64m, to fund the acquisition of VEOHL. Majority of the RCF facility matures in May 2023.

Besides the RCF, the Group has various unsecured short-term bank facilities extended to operating entities for working capital purposes. The undrawn, unsecured short-term bank facilities of \$1,323m include a large number of uncommitted facilities held with a number of different banks. Most of these facilities are subject to an annual renewal process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. BORROWINGS CONTINUED

The tables below provide an analysis of cash and non-cash movements in borrowings for the period:

US\$ million			2020
	Long-term debt	Bank borrowings	Total
1 January	371	229	600
Proceeds from long-term debt ¹	517	–	517
Repayment of long-term debt ²	(492)	–	(492)
Proceeds/repayment of bank borrowings	–	26	26
Foreign exchange movements	7	8	15
Other ³	5	11	16
31 December	408	274	682

1 Mainly represents the issuance of fully redeemable notes to the amount of \$350m on 24 September 2020 and RCF drawdowns.

2 Includes repayments of the Term Loan and RCF.

3 Other includes financing costs and non-cash items.

US\$ million			2019
	Long-term debt	Bank borrowings	Total
1 January	392	208	600
Proceeds from long-term debt	62	–	62
Repayment of long-term debt	(82)	–	(82)
Proceeds/repayment of bank borrowings	–	1	1
Borrowings acquired in acquisition of business ¹	–	27	27
Foreign exchange movements	(3)	(7)	(10)
Other ²	2	–	2
31 December	371	229	600

1 Represents the borrowings acquired through the acquisition of VEOHL as at 1 March 2019.

2 Other changes include financing costs.

Key covenants:

The key covenants below relate to the VEI BV Revolving Credit Facility:

- Within 150 calendar days after the Group's year-end its audited annual consolidated financial statements, unaudited annual non-consolidated financial statements and the unaudited annual Group accounts of each operating unit must be provided to the lender. Within 90 days after each half of each financial year, the unaudited non-consolidated financial statements, unaudited consolidated financial statements and unaudited Group accounts for each operating unit for the financial half-year must be provided to the lender.
- The financial covenants are minimum interest cover of 4x and maximum debt cover of 3x. With each set of financial statements, a financial covenants compliance certificate has to be provided indicating the debt and interest cover. The loan carries some customary negative pledges such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets. It also has a change of control clause triggering repayment if an entity, other than permitted ones, takes control of the Company.

The below key covenants relate to the VEI BV Notes:

- The financial covenants are a minimum fixed charged cover of 2x. The Notes carry customary restrictive covenants such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets, and a maintenance of listing covenant. It also has a change of control clause giving each noteholder a put right if an entity, other than permitted ones, takes control of the Company.

No key covenants were breached in the last applicable period.

24. PROVISIONS

Provisions include the following:

US\$ million	31 December 2020	31 December 2019
Provisions	85	85
Retirement benefit obligations (note 25)	35	31
	120	116
Current	16	14
Non-current	104	102
	120	116

US\$ million				2020
	Compulsory stock obligation	Legal provision	Other	Total
At 1 January	21	12	52	85
Additions	–	2	11	13
Utilisation	–	(1)	(5)	(6)
Releases	(3)	(2)	(2)	(7)
Foreign exchange differences	2	(1)	(1)	–
At 31 December	20	10	55	85
Current	–	10	6	16
Non-current	20	–	49	69
	20	10	55	85

Compulsory stock obligation provision

The oil market regulator in Morocco introduced an industry mechanism to enable oil market operators to maintain the necessary compulsory stock volume requirement. This resulted in an oil fund liability, which is an amount payable to the Moroccan oil fund regulator in relation to the compulsory stock reserve requirement introduced in 1994. Refer to note 2.22 for further details.

Legal provision

This amount represents a provision of certain legal claims brought against the Group. The timing of any payout is uncertain as these claims are being disputed by the Group. The Group believes that the outcome of these claims will not give rise to a significant loss beyond the amounts provided against as at 31 December 2020.

Other

Other provisions include a number of costs to be paid out by the Group that have uncertainty in timing of cash values and total monetary value. Other provisions relate mainly to employee related provisions of \$10m (2019: \$8m) and provisions for uncertain tax positions for non-income taxes, interest and penalties of \$31m (2019: \$29m). Refer to note 4.2 for further details regarding uncertain tax positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. RETIREMENT BENEFITS

The Group operates defined benefit plans in multiple African countries, which include Cape Verde, Gabon, Ghana, Guinea, Côte d'Ivoire, Mauritius, Morocco, Namibia, Reunion, Rwanda, Senegal and Tunisia. The plans operated in Cape Verde, Mauritius, Morocco, Tunisia and Ghana combined present approximately 80% of the total liability for the Company. The valuations are carried out in line with the regulatory requirements in each country considering the requirements under IAS 19 'Employee Benefits'. The plans offered in these countries differ in nature and consist of medical plans, pension plans, retirement indemnities, jubilees and long service award plans. These plan benefits are linked to final salary and benefit payments are met as they fall due. The two exceptions to this are Gabon and Mauritius, which both operate a funded plan. The plan in Gabon has a funding level of approximately 90% and Mauritius approximately 68%. In Gabon plan assets are held in the form of insurance contracts. For Mauritius, plan assets are held in vehicles with standard investment risk, following a balanced investment strategy, split between equities, government bonds and asset-backed securities. The plan in Mauritius has been closed to future accrual; from 31 December 2014 onwards. However, the link to final salaries is being maintained for in-service employees.

US\$ million	2020	2019
Current service cost	1	1
Accretion expense	2	2
	3	3

US\$ million	2020	2019
Defined benefit plans	3	3
Defined contribution plans	9	6
Total retirement benefit costs	12	9

US\$ million	31 December 2020	31 December 2019
Consolidated statements of financial position obligations for:		
Pension benefits	31	26
Other post-employment benefits	4	5
Total liability	35	31

The amounts recognised in the consolidated statements of financial position are determined as follows:

US\$ million	31 December 2020	31 December 2019
Present value of funded obligations	(17)	(13)
Fair value of plan assets	12	11
Funded status of funded benefit obligations (net liability)	(5)	(2)
Present value of unfunded obligation	(26)	(24)
Unfunded status end of year (net liability)	(31)	(26)
Net defined benefit obligation	(31)	(26)

The movements in the defined benefit obligation for funded and unfunded post-employment defined benefits over the year are as follows:

US\$ million	2020			2019		
	Pension benefits	Other	Total	Pension benefits	Other	Total
At 1 January	37	5	42	37	4	41
Current service costs	1	–	1	1	–	1
Benefits paid	(4)	–	(4)	(3)	–	(3)
Interest costs	2	–	2	2	–	2
(Gains)/losses from change in financial assumptions	4	–	4	1	–	1
(Gains)/losses from change in demographic assumptions	1	–	1	–	–	–
Actuarial (gains)/losses	1	(1)	–	–	–	–
Retirement benefit obligations recognised on acquisition	–	–	–	–	2	2
Foreign exchange differences	1	–	1	(1)	(1)	(2)
At 31 December	43	4	47	37	5	42

The movements in the fair value of plan assets over the year are as follows:

US\$ million	2020		2019	
	Pension benefits	Total	Pension benefits	Total
At 1 January	11	11	12	12
Interest income	–	–	1	1
Employer contributions	3	3	2	2
Benefits paid	(2)	(2)	(3)	(3)
Foreign exchange differences	–	–	(1)	(1)
At 31 December	12	12	11	11

The plan assets shown above are invested in equities \$6m (2019: \$5m), government bonds \$4m (2019: \$3m), corporate bonds \$2m (2019: \$3m), insurance contracts \$0.4m (2019: Nil) and cash and cash equivalents \$0.03m (2019: \$0.1m).

The sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

	31 December 2020	Assumptions used		Effect of using alternative assumptions	
		31 December 2019	Range of assumptions	Increase/(decrease)	
Rate of increase in pensionable remuneration	3.71%	4.34%	0.50% – (0.50%)	2.72% – (2.55%)	
Rate of increase in pensions in payment	2.41%	2.26%	0.50% – (0.50%)	1.20% – (1.11%)	
Rate of increase in healthcare costs	16.20%	9.72%	0.50% – (0.50%)	4.07% – (3.77%)	
Discount rate for pension plans	4.38%	5.84%	0.50% – (0.50%)	(5.56)% – 5.99%	
Discount rate for healthcare plans	21.13%	13.81%	0.50% – (0.50%)	(5.01)% – 5.50%	
Expected age at death for persons aged 60:					
Men	79.86	79.74			
Women	83.61	83.65			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. RETIREMENT BENEFITS CONTINUED

The principal actuarial assumptions were as follows:

	2020											
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana	Gabon	Reunion	Rwanda
Discount rate	9.75%	8.00%	4.00%	2.75%	2.50%	6.00%	13.50%	15.60%	23.00%	5.50%	1.00%	11.25%
Inflation rate	4.50%	1.75%	2.00%	0.50%	2.00%	n/a	n/a	10.10%	12.00%	2.75%	1.80%	4.75%
Future salary increases	6.00%	3.00%	2.00%	0.50%	6.00%	3.00%	8.00%	n/a	n/a	3.00%	2.58%	7.50%
Future pension increases	n/a	n/a	1.00%	3.00%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

	2019									
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana	
Discount rate	9.25%	10.00%	4.00%	5.25%	3.25%	6.00%	13.50%	11.30%	15.00%	
Inflation rate	4.50%	1.50%	2.00%	2.80%	n/a	n/a	n/a	7.40%	10.00%	
Future salary increases	6.00%	3.00%	2.00%	2.80%	6.00%	3.00%	10.00%	n/a	n/a	
Future pension increases	n/a	n/a	1.00%	3.00%	n/a	n/a	n/a	n/a	n/a	

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The weighted average duration of the defined benefit obligation is 11.98 years.

Expected contributions to post-employment benefit plans for the year ending 31 December 2021 are \$2m.

26. OTHER LIABILITIES

US\$ million	31 December 2020	31 December 2019
Oil fund liabilities (note 2.22)	110	96
Other tax payable ¹	75	91
Deposits owed to customers	72	63
Employee liabilities ²	44	51
Deferred income	14	11
Other	21	26
	336	338
Current	171	178
Non-current	165	160
	336	338

¹ Other tax payable mainly relates to VAT, withholding taxes and employee taxes.

² Employee liabilities mainly relate to employee bonuses.

27. LEASES

The Group has leases for motor vehicles, corporate offices, land, buildings and equipment. Leases have remaining lease terms of one year to 99 years, some of which may include options to extend the leases for at least five years and some of which may include options to terminate the leases within one year.

The consolidated statement of financial position shows the following amounts relating to leases:

US\$ million	Land and buildings	Motor vehicles	Total
Right-of-use assets, 1 January 2019	130	18	148
Depreciation of right-of-use assets	(17)	(4)	(21)
Leases effective in 2019	47	2	49
Right-of-use assets, 31 December 2019	160	16	176
Depreciation of right-of-use assets	(22)	(3)	(25)
Leases effective in 2020	43	7	50
Right-of-use assets, 31 December 2020	181	20	201

US\$ million	31 December 2020	31 December 2019
Current lease liabilities	24	21
Non-current lease liabilities	119	104
	143	125

The consolidated statement of comprehensive income shows the following amounts relating to leases:

US\$ million	2020	2019
Interest expense (included in finance cost)	(12)	(11)
Depreciation of right-of-use assets	(25)	(21)
Expenses relating to short-term leases, low-value leases and variable leases not included in the lease liabilities	(7)	(6)

Depreciation charge of \$25m (2019: \$21m) is included in: cost of sales for \$4m (2019: \$3m), in selling and marketing costs for \$18m (2019: \$16m) and in general and administrative costs \$3m (2019: \$2m).

The consolidated statement of cash flows shows the following amounts relating to leases:

US\$ million	2020	2019
Cash flows from financing activities		
Principal elements of lease payments	(31)	(27)
Interest paid	(10)	(9)
	(41)	(36)

Other information related to leases was as follows:

	2020	2019
Weighted average remaining lease term (years)	10	11
Weighted average discount rate	11%	12%

The Group recognised rental income of \$34m (2019: \$43m) as revenue in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28. NET CHANGE IN OPERATING ASSETS AND LIABILITIES AND OTHER ADJUSTMENTS

US\$ million	2020	2019
Trade payables	(203)	105
Trade receivables	114	50
Inventories	40	(25)
Other liabilities	(17)	6
Other assets	39	6
Provisions	1	(5)
Other	74	39
	48	176

29. COMMITMENTS AND CONTINGENCIES

Commitments

The Group has purchase obligations for capital and operational expenditure, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

US\$ million	31 December 2020	31 December 2019
Purchase obligations	22	13

Contingent liabilities and legal proceedings

The Group may from time to time be involved in a number of legal proceedings. The Directors prepare a best estimate of its contingent liabilities that should be recognised or disclosed in respect of legal claims in the course of ordinary business. Furthermore, in many markets there is a high degree of complexity involved in the local tax and other regulatory regimes. The Group is required to exercise judgement in the assessment of any potential exposures in these areas.

As previously announced, the Group's subsidiary in Morocco received a report in January 2020 from the investigators in charge of the Conseil de la Concurrence's (CdC) ongoing review of the competitive dynamics of the Moroccan fuel retailing industry. Vivo Energy Morocco has provided submissions to the CdC at their request. The report and these submissions were discussed at a private hearing of the CdC held on 21 and 22 July 2020 in Morocco. After the hearing, the Royal Cabinet intervened and formed an independent commission to review the CdC investigation. This followed the receipt of allegations regarding the CdC process and conduct. It is understood that the CdC was recommending a fine of 8% of annual Moroccan turnover against the industry before the formation of the independent commission. We await the outcome of that investigation. Management believes that Vivo Energy Morocco has at all times conducted its operations in accordance with applicable competition laws, rules and regulations.

In the ordinary course of business, the Group is subject to a number of contingencies arising from litigation and claims brought by governmental, including tax authorities, and private parties. The operations and earnings of the Group continues, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous groups in the countries in which they operate. The industries in which the Group is engaged are also subject to physical risks of various types. There remains a high degree of uncertainty around these contingencies, as well as their potential effect on future operations, earnings, cash flows and the Group's financial condition.

The Group does not believe and is not currently aware of any other litigations, claims, legal proceedings or other contingent liabilities that should be disclosed.

30. SHARE-BASED PAYMENTS

The Group operates share-based payment plans for certain Executive Directors, Senior Managers and other senior employees. Information on these plans is included in the Remuneration Report on page 94.

Management Equity Plan

In 2013, Vivo Energy Holding B.V. awarded to eligible employees either (1) Management equity plan (MEP) phantom options which entitled option holders to a cash payment based on the value of Vivo Energy Holding shares upon exercise of their MEP phantom options or (2) the opportunity to acquire restricted shares in combination with a linked option right to acquire ordinary shares in Vivo Energy.

Under the terms of the phantom options, all outstanding phantom options would become fully exercisable upon the share admission in May 2018. The option holders subsequently agreed to amend the terms of their outstanding phantom options such that 30% of the outstanding phantom options were deemed to be exercised at share admission and 70% became exercisable on the first anniversary of the share admission being 4 May 2019, for a period of 24 months. Under the amended terms, the option holders' entitlement to the cash payment is based on the market value of the shares at the time of exercise net of a nominal exercise price per share.

The MEP related liability as at 31 December 2020 amounted to \$4m (2019: \$15m).

IPO Share Award Plan

In May 2018, Vivo Energy plc granted certain Executive Directors and Senior Managers one-off share awards ('IPO Share Awards') under the 2018 IPO Share Award Plan. The IPO Share Awards vest, subject to continued service and performance conditions relating to consolidated gross cash profit growth and adjusted net income growth being met, in three equal tranches on the first, second and third anniversary of admission.

Long-Term Incentive Plan

Vivo Energy plc adopted the Vivo Energy 2018 Long-Term Incentive Plan (the 'LTIP 2018') in May 2018, the Vivo Energy 2019 Long-Term Incentive Plan (the 'LTIP 2019') in March 2019 and the Vivo Energy 2020 Long-Term Incentive Plan (the 'LTIP 2020') in March 2020. The LTIP 2018, LTIP 2019 and LTIP 2020 provide for grants of awards over the shares of the Company in the form of share awards subject to continued employment and the performance conditions relating to earnings per share, return on average capital employed and total shareholder returns over a three-year period. Executive Directors and Senior Management of the Group are eligible for grants under the LTIP 2018, LTIP 2019 and LTIP 2020.

The table below shows the share-based payment expense/(income) recognised in the statements of comprehensive income:

US\$ million	2020	2019
Cash-settled share-based payments		
Management Equity Plan	(3)	(2)
Equity-settled share-based payments		
IPO Share Award Plan	1	–
Long-Term Incentive Plans 2018, 2019 & 2020	2	1
	–	(1)

Movements in the number of shares and share options outstanding, and their related weighted average exercise prices, are as follows:

In million	LTIP			IPO	Average exercise price per phantom option US\$	MEP
	LTIP 2018	LTIP 2019	LTIP 2020	IPO Share Awards		Phantom Options
Outstanding at 1 January 2020	3	5	–	2	0.05	7
Granted/Lapsed	–	(1)	5	–	–	–
Vested/Exercised	–	–	–	(1)	–	(4)
Outstanding at 31 December 2020	3	4	5	1	0.05	3
Exercisable at 31 December 2020	–	–	–	–	n/a	3
Outstanding at 1 January 2019	4	–	–	4	0.05	11
Granted/Lapsed	(1)	5	–	(1)	–	–
Vested/Exercised	–	–	–	(1)	–	(4)
Outstanding at 31 December 2019	3	5	–	2	0.05	7
Exercisable at 31 December 2019	–	–	–	–	n/a	7

The inputs of the valuation model for options granted during the year are as follows:

US\$	2020					2019			
	LTIP 2018	LTIP 2019	LTIP 2020	IPO Share Awards	MEP phantom options	LTIP 2018	LTIP 2019	IPO Share Awards	MEP phantom options
Share price at grant date	2.24	1.65	1.22	2.33	–	2.24	1.65	2.33	–
Share price at valuation date	–	–	–	–	1.16	–	–	–	1.67
Option exercise price	–	–	–	–	0.05	–	–	–	0.05
Expected dividends as a dividend yield (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31. RELATED PARTIES

Sales and purchases

US\$ million	Joint ventures and associates	Shareholders	Total
2020			
Sales of products and services and other income	29	37	66
Purchase of products and services and other expenses	269	837	1,106
2019			
Sales of products and services and other income	15	130	145
Purchase of products and services and other expenses	284	1,312	1,596

The following table presents the Company's outstanding balances with related parties:

US\$ million	Joint ventures and associates	Shareholders	Total
31 December 2020			
Receivables from related parties	53	2	55
Payables to related parties	(51)	(160)	(211)
	2	(158)	(156)
31 December 2019			
Receivables from related parties	11	8	19
Payables to related parties	(58)	(339)	(397)
	(47)	(331)	(378)

The receivables from related parties arise from sale transactions and loans to joint ventures. Receivables are due two months after the date of sales, are unsecured in nature and bear no interest. Loans to joint ventures are interest bearing and secured by the entire issued share capital of the joint venture. No provisions are held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions at arm's length, including a supplier agreement with Vitol Supply, and are typically due two months after the date of purchase. These payables bear no interest.

Key management compensation

Key management is considered to be the Directors (Executive and Non-Executive) and Senior Management.

US\$'000	2020	2019
Salaries and other short-term employee benefits ¹	7,339	8,933
Share-based benefits ²	3,087	2,572
Service fees	731	734
Post-employment benefits	622	505
	11,779	12,744

¹ Includes termination benefits in 2020 of \$68,141.

² Share-based benefits include LTIP and IPO Share Awards.

Directors' compensation

Directors' compensations are disclosed from the date of appointment.

US\$'000	2020	2019
Salaries and other short-term employee benefits	2,164	3,277
Share-based benefits ¹	2,202	3,090
Service fees	731	734
Post-employment benefits	165	164
	5,262	7,265

¹ Share-based benefits include LTIP and IPO Share Awards.

In the year ended 31 December 2020, Directors exercised the IPO Share Awards. The aggregate gross pre-tax gain made on the exercise of the options was \$1m (2019: \$1m).

32. EVENTS AFTER BALANCE SHEET PERIOD

There have been no material subsequent events after the reporting period, up to and including the date that the financial statements were authorised for issue, that would have required disclosure or adjustment of the Consolidated financial statements or the Company financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

US\$ million	Notes	31 December 2020	31 December 2019
Fixed assets			
Investments	5	1,913	1,913
		1,913	1,913
Current assets			
Debtors	6	5	11
Cash and cash equivalents	7	6	1
		11	12
Creditors falling due within one year	8	(5)	(48)
Current assets less current liabilities		6	(36)
Total assets less current liabilities		1,919	1,877
Net assets		1,919	1,877
Capital and reserves			
Called up share capital	9	633	633
Share premium		4	4
Other reserves	10	1,210	1,244
Equity-settled incentive schemes		7	6
Retained earnings ¹		65	(10)
Total equity		1,919	1,877

¹ Profit for the financial year ended 31 December 2020 was \$74m (2019: Loss of \$18m).

The notes are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 2 March 2021 and were signed on its behalf by:

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

JOHAN DEPRAETERE
CHIEF FINANCIAL OFFICER

COMPANY STATEMENT OF CHANGES IN EQUITY

US\$ million	Called up share capital	Share premium	Other reserve ¹	Equity-settled incentive schemes	Retained earnings	Total
At 1 January 2020	633	4	1,244	6	(10)	1,877
Share issuance related to share awards	–	–	–	(1)	1	–
Equity-settled incentive scheme	–	–	–	2	–	2
Profit for the period	–	–	–	–	74	74
Dividends	–	–	(34)	–	–	(34)
As at 31 December 2020	633	4	1,210	7	65	1,919

US\$ million	Called up share capital	Share premium	Other reserve ¹	Equity-settled incentive schemes	Retained earnings	Total
At 1 January 2019	601	3	1,192	4	8	1,808
Share issuance related to acquisition	31	–	82	–	–	113
Share issuance related to share awards	1	1	–	(2)	–	–
Equity-settled incentive scheme	–	–	–	4	–	4
Loss for the period	–	–	–	–	(18)	(18)
Dividends	–	–	(30)	–	–	(30)
As at 31 December 2019	633	4	1,244	6	(10)	1,877

¹ Included in reserves is a merger reserve (\$82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited (VEOHL), formerly known as Engen International Holdings (Mauritius) Limited in March 2019.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

I. GENERAL INFORMATION

Vivo Energy plc ('Vivo Energy' or the 'Company') was incorporated as a private limited company in the United Kingdom on 12 March 2018 and re-registered as a public limited company on 9 April 2018. Vivo Energy plc was incorporated in conjunction with the pre-IPO reorganisation of the Group. On 10 May 2018 the Company listed on the London Stock Exchange Main Market for listed securities and the Main Board of the securities exchange operated by the Johannesburg Stock Exchange by way of secondary inward listing. The Company operates as the holding company of a group which distributes and sells fuel, liquefied petroleum gas (LPG) and lubricants to Retail and Commercial consumers under the Shell and Engen brands. The Group sells Aviation fuels, using the Vitol Aviation brand, as well as unbranded marine fuels. In addition, the Group generates revenue under convenience retail and quick service restaurants by leveraging on its retail network.

The Company is registered in England and Wales and is limited by shares (Registration number 11250655) under the Companies Act 2006. The address of the registered office is 5th floor, The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom.

The Company's ownership structure is 24.16% owned by HIP Oils Mauritius Limited; 27.37% owned by Vitol Africa B.V.; 8.73% owned by VIP Africa II B.V.; 3.07% owned by Helios Holdings Limited. The remaining percentage is owned by a number of private shareholders and companies, none of whom own more than 20% of the issued share capital of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently over the years.

2.1 Basis of preparation

The Company financial statements, for the years ended 31 December, have been prepared on a going concern basis, under the historical cost accounting rules, in accordance with Financial Reporting Standard 102 ('FRS 102') and those parts of the UK Companies Act 2006 applicable to companies reporting under FRS 102.

The following disclosure exemptions available under FRS 102 have been applied:

Section 7 Statement of cash flow and section 3 Financial statement presentation paragraph 3.17(d)

Section 26 Share-based payment paragraph 26.18(b), 26.19, 26.21, 26.23

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows. The Group consolidated financial statements as presented on page 117 include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December 2020.

2.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars ('US dollars'), which is also considered to be the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into US dollars at the market rate ruling at the end of the reporting period.

2.3 Income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates a taxable income. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred income tax is provided on timing differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the timing difference is controlled by the Company and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.4 Financial instruments

The Company has adopted to apply the requirements of IFRS 9 in preparations of the financial statements. Financial instruments are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated. Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Company has not retained control over the financial asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired, and when its terms are modified and the cash flows are substantially different. Subsequent to initial recognition financial instruments are measured as described below.

Financial instruments measured at amortised cost

Except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition, financial instruments that meet the following criteria are measured at amortised cost using the effective interest method.

- They are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The amortised cost is reduced by impairment losses. Finance income or expense, foreign exchange gains and losses and impairments are recognised in profit and loss. The following financial assets and liabilities are classified as measured at amortised cost:

Cash and cash equivalents

Cash and cash equivalents include cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Other financial liabilities

Financial liabilities are initially measured at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

2.5 Investments

Investments in subsidiary undertakings are stated at cost, less any provision for impairment.

2.6 Share-based payments

The Group operates a number of share-based payment plans using the Company's equity instruments. The fair value of the compensation given in respect of these share-based payment plans is recognised as a capital contribution to the Company's subsidiaries over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these share-based payments. Details of the share-based payments, share option schemes and share plans are disclosed in note 30 'Share-based payments' to the consolidated financial statements.

2.7 Dividend policy

Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

2.8 Share capital

Ordinary shares are classified as equity.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

2.9 Going concern basis

The Company operates as an investment holding company for the Vivo Energy Group, holding investments in Vivo Energy Holding B.V. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. For further details, refer to note 2.1 in the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

2.10 Critical accounting estimates and judgements

Certain accounting judgements and estimates are used when applying the Company's accounting policies. These estimates and judgements are not considered significant and do not have a significant impact on the financial statements.

Accounting estimate

In the process of applying the Company's accounting policies, management has made the following estimate, which has a significant effect on the amounts recognised in the consolidated financial statements:

Investment impairment assessment

The Group determines the recoverable amount of investment in subsidiaries where a trigger for impairment is identified. The impairment test compares the carrying value of the Company to its recoverable amount. The recoverable amount was determined based on a value in use calculation, which was based on free cash flows from the five-year strategic plan prepared for the Group. The terminal value was estimated based on the latest IMF GDP projections for the markets where Vivo Energy operates. The cost of capital (based upon a weighted average cost of capital for the Group) was used to discount the free cash flows from the approved five-year strategic plan. Based on the impairment test performed, the recoverable amount for the Company exceeds the carrying value and therefore there is no impairment. The value in use is sensitive to assumptions used in the model. As required by the value in use methodology, the assumptions for volumes and gross cash profit do not take into account the growth capital expenditure on new sites planned by the Group in future years and expected volumes and profits from those sites. Profits and associated cash flows generated by the growth assumptions for new sites was therefore excluded when calculating the recoverable value of Vivo Energy plc.

The following tables set out the key assumptions used in the impairment test:

	2020
Volume compounded annual growth rate on the five-year forecast numbers	4.4%
Gross cash profit compounded annual growth rate on the five-year forecast numbers	5.3%
Pre-tax discount rate for the sensitivities	10.6%
Long-term growth rate	1.6%

The methodology applied for each key assumptions used are as follows:

Assumptions	Approach used to determine values
Volume growth	Volume over the five-year forecast period; based on past performance and management expectations of market developments, adjusted to exclude volumes generated by future growth capital expenditure on new sites planned by the Group.
Gross cash profit growth	Based on past performance and management expectations of the future, adjusted to exclude margins generated by future new sites planned by the Group.
Pre-tax discount rate	The Group's pre-tax weighted average cost of capital. Sensitivity analysis was performed for changes in discount rate by +2.6% and -1.7%.
Long-term growth rate	Based on the IMF GDP projections for the markets where Vivo Energy operates. Sensitivity analysis was performed for changes in long-term growth rate by -1% and +1.5%.

A sensitivity analysis was performed on the recoverable amount incorporating changes in the discount rate and long-term growth rates. The Group considers the pre-tax discount rate to be the most sensitive assumption. Results of the sensitivity analysis show that the investment in subsidiary undertakings is not impaired, with the headroom ranging between \$500m and \$1,000m. A 1% change in volumes or a 1% change in gross cash profit would not reduce the recoverable amount to below the carrying value. An indication of impairment on the investment in Vivo Energy plc would result if the pre-tax discount rate increased by 3.4% (from 10.6% to 14%). There are no reasonable possible changes that could occur to key assumptions that would reduce the recoverable amount below the carrying amount.

3. EMPLOYEE COSTS

US\$ million	2020	2019
Salaries and wages	7	14
Social security costs	1	1
Share-based payments	2	4
	10	19

The monthly average number of full time equivalent employees as at 31 December:

No.	2020	2019
Directors	6	6
Administration and support	18	16

4. INCOME TAX

The Company is subject to income tax in the United Kingdom on its net income as adjusted for tax purposes, at the rate of 19%. At 31 December 2020, the Company had accumulated tax losses of \$2m (2019: Nil).

Deferred tax

No deferred tax asset has been recognised under the Company's accounting policy for recognising deferred tax assets.

A reconciliation between the actual income tax expense and the theoretical amount that would arise using the applicable income tax rate for the Company is as follows:

Reconciliation of effective tax

US\$ million	2020	2019
Profit/(loss) before income tax	74	(18)
Tax calculated at 19%	(14)	3
Impact of:		
Expenses not allowable for tax purpose	–	(1)
Dividends received not subject to tax	14	–
Prior period adjustment	–	(2)
Total income tax expense	–	–

5. INVESTMENTS

US\$ million	2020	2019
At 1 January	1,913	1,800
Acquisition of investment	–	113
At 31 December	1,913	1,913

On 1 March 2019, Vivo Energy plc made a capital contribution to Vivo Energy Holding B.V. to finance the acquisition of VEOHL, a retailer and marketer of Engen-branded fuels and lubricants in Africa. Refer to note 2.10 for investment impairment assessment.

6. DEBTORS

US\$ million	31 December 2020	31 December 2019
Related party receivable	3	9
Other receivables	2	2
Total	5	11

Receivable from related party arises from recharges of employee benefit costs. The amounts are unsecured, interest free and have no fixed date of repayment and are repayable on demand. Debtors are measured at amortised cost and the carrying amount is equal to the fair value for the period end.

7. CASH AND CASH EQUIVALENTS

US\$ million	31 December 2020	31 December 2019
Bank	6	1

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8. CREDITORS

US\$ million	31 December 2020	31 December 2019
Due within one year		
Trade and other payables	4	4
Related party payables	1	44
Total creditors	5	48

Payable to related parties relates to salary related expenses and other costs as well as to IPO costs in 2019. The amounts are unsecured, interest free, have no fixed date of repayment and are payable on demand. Creditors are measured at amortised cost and the carrying amount is equal to the fair value for the period end.

9. CALLED UP SHARE CAPITAL

Share capital consists of 1,266,941,899 ordinary shares at the nominal value of \$0.50 each. For further details, refer to note 20 in the consolidated financial statements.

10. OTHER RESERVES

The other reserves include the share capital reduction completed subsequent to the listing on the London and Johannesburg Stock Exchange Market in 2018. Also included in other reserves is a merger reserve (\$82m) relating to the premium on shares issued as part of the consideration of the acquisition of VEOHL in March 2019.

11. DIVIDENDS

Given the impact of COVID-19 on the business in the first half of 2020, the Board withdrew its recommendation to pay a final dividend for 2019 and did not declare an interim dividend for the first half of 2020 in July. On 18 December 2020 the Company paid an interim dividend of 2.65 cents per share, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid rather than withdrawn. This interim dividend was paid out of distributable reserves and is reflected in the statement of changes in equity.

The Board has recommended a final dividend of circa 3.8 cents per share, amounting to \$48m, which is in respect of the full 12 months of 2020. Payment of this dividend is expected on 25 June 2021 to shareholders of record at close of business on 28 May 2021. The dividend will be paid out of distributable reserves as at 31 December 2020 and is not recognised in the statement of changes in equity.

US\$ million	2020	2019
Interim dividend	34	14
Final dividend	48	—
Total dividend	82	14

12. RELATED PARTIES

The Company discloses transactions with related parties which are not wholly owned with the same Group. It does not disclose transactions with members of the same Group that are wholly owned. All transactions during the period under review have been with members of the same Group that are wholly owned.

13. EVENTS AFTER BALANCE SHEET PERIOD

For the events after balance sheet period refer to note 32 in the consolidated financial statements.

14. OTHER MATTERS

The auditors' remuneration for the current year in respect of audit and audit-related services was \$0.3m. Auditors' remuneration relating to other non-audit services has been disclosed in the consolidated financial statements, refer to note 7. The consolidated accounts have been completed in accordance with requirements SI 2008/489.

The Directors are remunerated by the Company for their services to the Group as a whole. No remuneration was paid to them specifically in respect of their services to Vivo Energy plc for either year. Full details of the Directors' remuneration are disclosed in 'Directors' compensation' in note 31.

15. COMPANY UNDERTAKINGS

A list of all subsidiaries, indirectly held by Vivo Energy plc, except for Vivo Energy Holding B.V. which is 100% owned directly by Vivo Energy plc, in the Group as at 31 December 2020 is as follows:

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Vivo Energy Marketing Tanzania Limited	Bahamas	Ordinary shares	H&J Corporate services, Ocean Centre, Montague Foreshore, East Bay Street, P.O. Box 55-19084, Nassau, Bahamas	100%
Vivo Energy Botswana Pty Ltd.	Botswana	Ordinary shares	Plot 54349 Field Precinct, Office Block B, Central Business District, Gaborone, Botswana	100%
Vivo Energy Burkina S.A.	Burkina Faso	Ordinary shares	Rond Point des Nations Unies, Ouagadougou Secteur 4 Section II Lot EX-TF 432 Parcelle III, Burkina Faso	58.79%
Plateau Africa Holdings Ltd.	Canada	Ordinary shares	199 Bay Street, Suite No.4000, Toronto ON M5L 1A9, Canada	100%
Vivo Energy Cabo Verde S.A.	Cape Verde	Ordinary shares	Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, Cabo Verde	100%
Sociedade Comercial de Navegação Concha Verde S.A.	Cape Verde	Ordinary shares	Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, Cabo Verde	100%
Vivo Energy Côte d'Ivoire S.A.	Côte d'Ivoire	Ordinary shares	Rue des pétroliers, Zone Industrielle de Vridi, 15 BP 378 Abidjan, Côte d'Ivoire	66.67%
Vivo Energy Gabon S.A.	Gabon	Ordinary shares	234, BD Bessieux, Face au Lycee Immaculee Conception, BP 224, Libreville, Gabon	60%
Vivo Energy Ghana Ltd.	Ghana	Ordinary shares	Rangoon Lane, Contonments City, Digital Address: GL-045-46-56, P.O. Box 1097, Accra, Ghana	74.34%
Vivo Energy de Guinée S.A.	Guinea	Ordinary shares	Aéroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea	100%
Vivo Energy Guinée Mining SARL	Guinea	Ordinary shares	Aéroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea	100%
Vivo Energy Kenya Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy Malindi Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy East Africa Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy Provident Trust Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Marketing Kenya Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Oil Tanking Kenya Ltd.	Kenya	Ordinary shares	Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya	100%
Vivo Energy Liberia Ltd.	Liberia	Ordinary shares	c/o Law Offices of Yonah, Obey & Associates, 152 Cary Street, P.O. Box 3147, Monrovia Liberia	100%
Société Malgache des Pétroles Vivo Energy S.A.	Madagascar	Ordinary shares	Bâtiment B4 Golden Business Center – Lot II i A bis Morarano Alarobia-101, Antananarivo-Madagascar	72%
Vivo Energy Limited	Malawi	Ordinary shares	Mission Road, Bulk Oil Sites, Makata Industrial Area, Blantyre, Malawi	100%
Vivo Energy Mali S.A.	Mali	Ordinary shares	Hippodrome, Route de Koulikoro BP 199, Immeuble N°3293 – Bamako, Mali	77.05%
Vivo Solar Mali	Mali	Ordinary shares	Dépot Vivo Energy Mali, Niaréla Sans fil, Zone Industrielle, BP 199 Bamako, Mali	100%
Vivo Energy Senegal Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Tunisia Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Madagascar Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Africa Holdings Ltd.	Mauritius	Ordinary shares	Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius	100%
Vivo Energy Mauritius Ltd.	Mauritius	Ordinary shares	Cemetery Road, Roche Bois, Port Louis, Mauritius	75%
Vivo Energy Overseas Holdings Ltd.	Mauritius	Ordinary shares	C/O IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius	100%

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

15. COMPANY UNDERTAKINGS CONTINUED

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Vivo Energy Maroc S.A.	Morocco	Ordinary shares	Immeuble Le Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf Casablanca, 20190 Maroc	100%
Vivo Energy Africa Services Sarl.	Morocco	Ordinary shares	Casablanca Nearshore Park Shore 14 – 2ème étage Plateau 201, 1100 Bd Al Qods – Quartier Sidi Maârouf, 20270, Casablanca, Morocco	100%
Terminal Energetique Jorf	Morocco	Ordinary shares	Immeuble Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf, Casablanca	100%
Terminal D'hydrocarbures Jorf	Morocco	Ordinary shares	Immeuble Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf, Casablanca	100%
Terminal Energetique Agadir	Morocco	Ordinary shares	Zone Industrielle d'Anza (côté mer), Agadir	100%
Tidsi Gaz	Morocco	Ordinary shares	Zone Industrielle d'Anza (côté mer), Agadir	100%
VE Mozambique Trading Lda	Mozambique	Ordinary shares	EN4, Tchumene II, Talhao 19, Parcela 3380, Matola, Mozambique	100%
Vivo Energy Mocambique Lda	Mozambique	Ordinary shares	Rua dos Desportistas, no.480, Edifício Maputo Business Tower, 110 Andar, Fraccao A, Maputo, Mozambique	100%
Vivo Energy Holding B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Investments B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Cape Verde Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Morocco Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Mauritius Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Mali Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Newco Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Ghana Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Kenya Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Uganda Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Guinea Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Côte d'Ivoire Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Burkina Faso Holdings B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Supply B.V.	Netherlands	Ordinary shares	Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands	100%
Vivo Energy Sales and Marketing Ltd.	Nigeria	Ordinary shares	I, Murtala Mohammed Drive, Ikoyi, Lagos, Nigeria	100%
Vivo Energy Reunion S.A.	Reunion	Ordinary shares	I Rue Sully Prud'Homme, ZI N°2, Le Port, 97823, Reunion	100%
Vivo Energy Rwanda Ltd.	Rwanda	Ordinary shares	Kacyiru, Gasabo, Umujyi wa Kigali, Rwanda	100%
Kabuye Depot Holding Company Rwanda Ltd.	Rwanda	Ordinary shares	Kacyiru, Gasabo, Umujyi wa Kigali, Rwanda	100%

Subsidiary	Incorporation	Class of share	Registered address	Shareholding
Vivo Energy Senegal S.A.	Senegal	Ordinary shares	Quartier Bel-Air Route des Hydrocarbures, BP 144 Dakar, Senegal	93.60%
Vivo Energy Sierra Leone Ltd.	Sierra Leone	Ordinary shares	37 Siaka Stevens Street, Freetown, Sierra Leone	100%
Vivo Energy South Africa (Pty) Ltd.	South Africa	Ordinary shares	15th Floor Towers South, The Towers, 2 Heerengracht, cnr Hertzog Boulevard, Foreshore 8001, Cape Town, South Africa	100%
Vivo Energy Tanzania Limited	Tanzania	Ordinary shares	Plot No. 263 Mandela Road, Kurasini, Temeke District, Dar es Salaam, Tanzania	100%
Société Vivo Energy Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	100%
Société Butagaz Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	100%
Société Sudgaz S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	65.01%
Société D'Exploitation et de Gestion des Points de Vente S.A. ¹	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	48.40%
Vivo Energy Uganda Ltd.	Uganda	Ordinary shares	Plot 9/11 7th Street Industrial Area, Kampala, Uganda	100%
Vivo Energy Malindi Uganda Ltd.	Uganda	Ordinary shares	Plot 9/11 7th Street Industrial Area, Kampala, Uganda	100%
Vivo Energy Uganda Provident Trust.	Uganda	Ordinary shares	Plot 9/11 7th Street Industrial Area, Kampala, Uganda	100%
Vivo Energy Namibia Ltd.	United Kingdom	Ordinary shares	5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom	100%
Vivo Energy UK Services Ltd.	United Kingdom	Ordinary shares	5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom	100%
Engen Petroleum Zambia Ltd.	Zambia	Ordinary shares	Plot 3132, Buyantanshi Road, Lusaka, Zambia	100%
VE Zambia Legacy Ltd.	Zambia	Ordinary shares	1394 Mushemi Road, Rhodes Park, P.O. Box 32256, Lusaka, Zambia	99.98%
Engen Marketing Ltd.	Zambia	Ordinary shares	Plot 3132, Buyantanshi Road, Lusaka, Zambia	100%
Vivo Energy Zimbabwe (Private) Ltd.	Zimbabwe	Ordinary shares	Engen House 71 Kaguvi Street P.O. Box 372, Harare, Zimbabwe	100%
Vivo Energy Zimbabwe Operations (Private) Limited	Zimbabwe	Ordinary shares	Engen House 71 Kaguvi Street P.O. Box 372, Harare, Zimbabwe	100%
Vivo Energy Zimbabwe Holdings (Private) Ltd. ²	Zimbabwe	Ordinary shares	Engen House 71 Kaguvi Street P.O. Box 372, Harare, Zimbabwe	49%

¹ Société D'Exploitation et de Gestion des Points de Vente S.A. is an entity incorporated in order to directly operate retail sites in Tunisia. There are three senior staff members appointed as shareholders with a total of 52% shareholding. All of them have no voting rights and cannot influence any decisions. Therefore the Group controls the entity and has the ability to affect returns through its power over the entity.

² Vivo Energy Zimbabwe Holdings (Private) Ltd was acquired as part of the business acquisition of VEOHL in 2019. The Group has existing rights that give it the current ability to direct the relevant activities of the investee that significantly affect the variable returns of the entity, which the Group is exposed to.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

15. COMPANY UNDERTAKINGS CONTINUED

A list of all joint ventures and associates, indirectly held by Vivo Energy plc, in the Group as at 31 December 2020 is as follows:

Investment	Incorporation	Class of share	Registered address	Shareholding
Baobab Energy Botswana Propriety Limited	Botswana	Ordinary shares	Plot 50369 Fairgrounds Office Park, Gaborone, Botswana	50%
Manutenção Caboverdeana Matec S.A.	Cape Verde	Ordinary shares	Rua dos Bombeiros – Zona Industrial CP 227 Mindelo, São Vicente Republica de Cabo Verde	15%
Baobab Energy Côte d'Ivoire Sarl.	Côte d'Ivoire	Ordinary shares	Rue des pétroliers, Zone Industrielle de Vridi, 15 BP 378 Abidjan, Côte d'Ivoire	50%
Stockage Pétrolier de Cote d'Ivoire Sarl.	Côte d'Ivoire	Ordinary shares	Abidjan Port-bouet vridi canal de Petroliers 12 B.O 2141 Abidjan 12, Côte d'Ivoire	30%
Société Gabonaise D'Entreposage des Produits Pétrolière S.A.	Gabon	Ordinary shares	P.O. BOX 2218, Libreville, Gabon	37.50%
Société PIZO de Formulation de Lubrifiants S.A.	Gabon	Ordinary shares	Port Gentil, P.O. Box 699, Port Gentil, Gabon	28.10%
Chase Logistics Ltd.	Ghana	Ordinary shares	1 Alema Avenue, Airport Residential Area, Accra, P.O. Box AN 8743 Accra North, Ghana	8%
Road Safety Ltd.	Ghana	Ordinary shares	Tema Shell Installation, Fishing Harbour Road, Tema, Ghana	50%
Société Guinéene des Pétroles S.A.	Guinea	Ordinary shares	Boulevard Maritim, Kaloum, BP 656, Conakry, Guinea	17%
Kuku Foods Kenya Ltd.	Kenya	Ordinary shares	LR NO. 20/8342/3 1st Ngong Avenue, P.O. Box 14885, 00100, Nairobi, Kenya	50%
Logistique Pétrolière S.A.	Madagascar	Ordinary shares	Immeuble FITARATRA- 5 ème étage, Rue Ravoninahitriniarivo, Ankorondrano 101, Antananarivo, Madagascar	33%
Petroleum Importers Limited	Malawi	Ordinary shares	6th Floor Unit House, Off Victoria Avenue, Blantyre, Malawi	25%
Energy Storage Company Ltd.	Mauritius	Ordinary shares	Cemetery Road, Roche Bois, Port Louis, Mauritius	50%
Mer Rouge Oil Storage Company Ltd.	Mauritius	Ordinary shares	Edith Cavell Street, Les Cascades, Port Louis, Mauritius	25%
Compagnie D'Entreposage Communautaire S.A.	Morocco	Ordinary shares	Route cotière III, Km 6,5, Ghezouane, Mohammedia, Morocco	32.31%
Stogaz S.A.	Morocco	Ordinary shares	Rue Ferhat Hachad, Mohammedia, Morocco	50%

Investment	Incorporation	Class of share	Registered address	Shareholding
Maghreb Gaz S.A.	Morocco	Ordinary shares	Immeuble Taфраouti, Km 7,5 Route de Rabat, Ain Sebaa, Casablanca, Morocco	37.49%
Société de Cabotage Pétrolier S.A.	Morocco	Ordinary shares	27 Bd Zerktouni, Casablanca, Morocco	38.71%
Ismailia Gaz S.A.	Morocco	Ordinary shares	Km 9 Route d'El Hajeb, Meknes, Morocco	40%
Société Dakhla des Hydrocarbures S.A.	Morocco	Ordinary shares	11 Avenue de la Marine Royale, Dakhla, Morocco	33.33%
Tadla Gaz S.A.	Morocco	Ordinary shares	Km 7,5 Route de Rabat, Ain Sebaa, Casablanca, Morocco	50%
Société Marocaine de Stockage S.A.	Morocco	Ordinary shares	Lotissement des Pétroliers, Oued El, Maleh, Mohammedia, Morocco	12%
Sopetrole S.A.	Morocco	Ordinary shares	Zone Industrielle, lot n°2, Laayoune, Morocco	48.97%
Havi Properties (Proprietary) Ltd.	Namibia	Ordinary shares	18 Liliencron Street, The Village, Unit 20-22 Eros, Windhoek, Namibia	50%
Synergy Foods (Proprietary) Limited	Namibia	Ordinary shares	202 Tacoma Street, Suiderhof, Windhoek, Namibia	50%
Shell and Vivo Lubricants B.V.	Netherlands	Ordinary shares	Carel van Bylandtlaan 30, 2596 HR The Hague, The Netherlands	50%
Société Réunionnaise d'Entreposage S.A.	Reunion	Ordinary shares	3 Rue Jacques Prevert, Riviere des Galets, 97420 Le Port	19.96%
Kuku Foods Rwanda Ltd.	Rwanda	Ordinary shares	Kimihurura, Gasabo and Umujyi wa Kigaliri, Rwanda	50%
Société de Manutention de Carburants Aviation Dakar S.A.	Senegal	Ordinary shares	Dakar-Yoff, B.P. 8022 Yoff, Senegal	25%
Société Dakaroise D'Entreposage S.A.	Senegal	Ordinary shares	Cap des Biches, Rufisque, B.P. 59 Rufisque, Senegal	50%
Cimsahel Energy S.A.	Senegal	Ordinary shares	Sous préfecture de SINDIA, Senegal	50.10%
Société D'Entrepôts Pétroliers de Tunisie S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	30%
Société Bitumes de Tunis S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	49.9%
Viniz Food S.A.	Tunisia	Ordinary shares	Rue de Syrie bloc C7-1 Tunis, Tunis, 1002, Tunisia	50%
Société d'Exploitation et de Gestion des Pipelines de Rades S.A.	Tunisia	Ordinary shares	24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia	25%
Kuku Foods Uganda Ltd.	Uganda	Ordinary shares	Plot 49, Mackenzie Vale, Kololo, Kampala, Uganda	50%

SHAREHOLDER INFORMATION

FINANCE CALENDAR 2020/21

Financial year-end	31 December 2020
Annual results announcement	3 March 2021
Q1 Trading update	27 April 2021
Annual General Meeting	18 May 2021
Final dividend payment	25 June 2021
Interim results announcement	27 July 2021
Interim payment date	17 September 2021
Q3 Trading update	21 October 2021

PLEASE NOTE THESE DATES ARE PROVISIONAL AND SUBJECT TO CHANGE.

ANNUAL GENERAL MEETING (AGM)

The Company's third AGM will be held at 2:00 p.m. on 18 May 2021. The Notice of the AGM will include further details, including the venue.

DIVIDENDS

The Directors have adopted a progressive dividend policy while maintaining an appropriate level of dividend cover and sufficient financial flexibility in the Group. The Group paid an interim dividend of 2.7 cents in December 2020, representing the amount that would have been paid to shareholders had the final dividend of 2019 been paid rather than withdrawn. A final dividend of 3.8 cents for the full 12 months of 2020 will be proposed to shareholders. This will result in a full year dividend of 6.5 cents per share for the year. The final dividend of 3.8 cents should be seen as the base for future dividend payments.

In March 2021, the Board decided to increase the minimum payout ratio from 30% to 50% of attributable net income to reflect the Group's cash flows, strong balance sheet and continuing growth ambitions. The dividend remains progressive and the intent is for future dividends to grow in line with earnings.

	Dividend per share	Record date	Payment date
Interim dividend	2.7 dollar cents	20 November 2020	18 December 2020
Final dividend	3.8 dollar cents	28 May 2021	25 June 2021

All dividends will be declared in US dollars. Shareholders who hold shares through the London Stock Exchange and are resident in the UK, may elect to receive their dividends in pound sterling and shareholders who hold shares through the Johannesburg Stock Exchange will automatically receive their dividends in South African Rand.

MAJOR SHAREHOLDERS

As at 31 December 2020, the following interests in the ordinary share capital of the Company have been notified to the Directors under the Disclosure Guidance and Transparency Rules (DTR 5). In accordance with DTR 5, as of 2 March 2021 the Directors have not received any notification of a change in the shareholders' positions from 31 December 2020.

Shareholder name	31 December 2020 Percentage
Vitol Africa B.V. ¹	27.37%
HIP Oils Mauritius Limited ²	24.16%
VIP Africa II B.V. ¹	8.73%
Petronas Marketing International SDN BHD	3.93%
Helios Holdings Limited ²	3.07%

1 Members of the Vitol Group.

2 Members of Helios Investment Partners.

The rights attached to the ordinary shares of the Company held by these shareholders are identical in all respects. The threshold for notifications is in accordance with DTR 5.1.2. If the Company has not been informed that interests have fallen below this threshold the last notification is included in this table.

MANAGING YOUR SHAREHOLDING

Link Asset Services, the Company Registrar, provides our shareholders with online access to information regarding their investments as well as the services to assist in managing your shareholding on an online platform or telephonically.

Link Asset Services can be contacted via telephone on 0371 664 0300 (+44 371 664 0300 outside the UK). Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Furthermore you may contact the Registrar by emailing shareholderenquiries@linkgroup.co.uk.

The registrar is located at 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

SHAREHOLDER SECURITY

In recent years, share fraud has been increasing at an alarming rate. This entails shareholders receiving unsolicited phone calls or investment opportunities, known as boiler room scams. These opportunities are usually high risk and turn out to be worthless investments. The callers may sometimes imply a connection to Vivo Energy and provide misleading and incorrect information.

Investors are advised to be very wary of unsolicited advice, offers to sell shares at a discount or buy at a premium, or offers of free company reports. If you have been contacted by an unauthorised company or approached by investors with unsolicited advice you should contact the Financial Conduct Authority (FCA) using the share fraud reporting form at www.fca.org.uk/scams. You can find out more about investment security by visiting the FCA's website or by calling the helpline on 0800 111 6768 (overseas callers dial +44 207 066 1000).

KEEPING IN CONTACT

Our Annual and Interim Reports, trading results, announcements and presentations can be found on our website, www.vivoenergy.com. Here you can find details of our business and operations and extensive information about the Vivo Energy Group.

To support efficient communication as well as being environmentally friendly, we encourage shareholders to register to the mailing list on the investor relations website.

HISTORICAL FINANCIAL INFORMATION

SUMMARY INCOME STATEMENT

US\$ million	2020	2019	2018	2017	2016
Revenues	6,918	8,302	7,549	6,694	5,729
Cost of sales	(6,301)	(7,627)	(6,924)	(6,080)	(5,196)
Gross profit	617	675	625	614	533
Selling and marketing cost	(226)	(224)	(197)	(194)	(218)
General and administrative cost	(176)	(165)	(183)	(197)	(135)
Share of profit of joint ventures and associates	16	22	28	16	16
Other income/(expense)	4	2	3	3	1
Earnings before interest and tax (EBIT)	235	310	276	242	197
Finance expense – net	(60)	(64)	(47)	(31)	(23)
Earnings before tax (EBT)	175	246	229	211	174
Income taxes	(85)	(96)	(83)	(81)	(75)
Net income	90	150	146	130	99

NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2020	2019	2018	2017	2016
Volumes (million litres)	9,637	10,417	9,351	9,026	8,389
Gross cash profit	697	743	680	666	579
EBITDA	360	416	366	326	286
Adjusted EBITDA	360	431	400	376	302
Adjusted net income	90	162	178	171	109
Adjusted diluted EPS (US\$) ¹	0.06	0.12	0.14	0.13	0.08

¹ EPS for 2017 and 2016 are the updated earnings per share based on the capital structure of the Group at 31 December 2018 (including the IPO reorganisation impacts on the weighted average number of ordinary shares).

SEGMENT INFORMATION

US\$ million, unless otherwise indicated	FY 2020	H2 2020	HI 2020	FY 2019	H2 2019	HI 2019
Volumes (million litres)						
Retail	5,456	2,975	2,481	5,900	3,060	2,840
Commercial	4,045	1,974	2,071	4,380	2,301	2,079
Lubricants	136	70	66	137	71	66
Total	9,637	5,019	4,618	10,417	5,432	4,985
Gross cash unit margin (\$'000 litres)						
Retail fuel (excluding Non-fuel retail)	76	83	66	71	72	71
Commercial	45	47	43	49	50	47
Lubricants	570	612	537	547	557	537
Total	72	79	65	71	72	70
Gross cash profit						
Retail (including Non-fuel retail)	438	262	176	454	238	216
Commercial	181	92	89	214	115	99
Lubricants	78	43	35	75	39	36
Total	697	397	300	743	392	351

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ million	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Assets					
Non-current assets					
Property, plant and equipment	889	823	622	585	507
Right-of-use assets	201	176	148	148	136
Intangible assets	222	226	134	120	116
Investments in joint ventures and associates	231	227	223	219	51
Deferred income taxes	46	34	36	43	37
Financial assets at fair value through other comprehensive income	12	9	8	6	6
Other assets	117	110	101	83	80
	1,718	1,605	1,272	1,204	933
Current assets					
Inventories	480	517	441	353	333
Trade receivables	344	451	444	412	305
Other assets	200	257	255	229	170
Income tax receivables	11	9	19	8	9
Other financial assets	–	–	3	–	3
Cash and cash equivalents	515	517	393	423	369
	1,550	1,751	1,555	1,425	1,189
Total assets	3,268	3,356	2,827	2,629	2,122
Equity and liabilities					
Total equity					
Attributable to equity holders of Vivo Energy	767	751	533	402	548
Non-controlling interest	45	53	48	46	40
	812	804	581	448	588
Liabilities					
Non-current liabilities					
Lease liabilities	119	104	98	121	113
Borrowings	412	294	314	396	40
Provisions	104	102	75	92	82
Deferred income taxes	72	66	51	51	52
Other liabilities	165	160	143	169	140
	872	726	681	829	427
Current liabilities					
Lease liabilities	24	21	13	12	11
Trade payables	1,048	1,257	1,062	869	719
Borrowings	270	306	286	259	197
Provisions	16	14	15	21	25
Other financial liabilities	9	3	–	1	–
Other liabilities	171	178	165	152	93
Income tax payables	46	47	24	38	62
	1,584	1,826	1,565	1,352	1,107
Total liabilities	2,456	2,552	2,246	2,181	1,534
Total equity and liabilities	3,268	3,356	2,827	2,629	2,122

GLOSSARY

Term	Description
B2B	Business to business
B2C	Business to consumer
BCCP	Business Continuity and Contingency Plan
CAGR	Compound annual growth rate
CAPEX	Capital expenditure
CGU	Cash-generating unit
DPO	Days payable outstanding
DPS	Dividend per share
DSO	Days sales outstanding
DTR	Disclosure Guidance and Transparency Rules
EBIT	Earnings before finance expense, finance income and income taxes
EBITDA	Earnings before finance expense, finance income and income taxes, depreciation and amortisation
EBT	Earnings before income taxes
EPS	Earnings per share
ERP	Enterprise resource planning
ESG	Environmental, Social and Governance
ETR	Effective tax rate
FCA	Financial Conduct Authority
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FY	Full year
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GHG	Greenhouse gas
H1	Six-month period January to 30 June
H2	Six-month period July to 31 December
HSSEQ	Health, safety, security, environment and quality
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards

Term	Description
IFRS IC	IFRS Interpretation Committee
IMF	International Monetary Fund
IPO	Initial public offering
JV	Joint venture
KFC	Kentucky Fried Chicken
KPI	Key performance indicator
KYC	Know Your Customer
LIBOR	London Interbank Offered Rate
LPG	Liquefied petroleum gas
LTIF	Lost time injury frequency
LTIP	Long-Term Incentive Plan
M&A	Mergers and acquisitions
NCI	Non-controlling interest
NGO	Non-governmental organisation
OCI	Other comprehensive income
OU	Operating unit
PP&E	Property, plant and equipment
PPE	Personal protective equipment
Q	Quarter
QSR	Quick service restaurant
RCF	Revolving credit facility
ROACE	Return on average capital employed
ROU	Right-of-use
SVL	Shell and Vivo Lubricants B.V.
TRCF	Total recordable case frequency
TSR	Total shareholder return
UK	United Kingdom
US	United States
VEI BV	Vivo Energy Investments B.V.
VEOHL	Vivo Energy Overseas Holdings Limited

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as: 'believe', 'expects', 'may', 'will', 'could', 'should', 'shall', 'risk', 'intends', 'estimates', 'aims', 'plans', 'predicts', 'continues', 'assumes', 'positioned', 'anticipates' or 'targets' or the negative thereof, other variations thereon or comparable terminology, but are not the exclusive means of identifying such statements. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies of the Group and the industry in which it operates, which reflect estimates and assumptions made by the Group's management. These estimates and assumptions reflect the Company's best judgement based on currently known market conditions and other factors.

In particular, the statements in the Risk section on page 60 of this report regarding the Group's strategy, targets and other future events or prospects are forward-looking statements. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. In addition, management's assumptions about future events may prove to be inaccurate. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Such forward-looking statements contained in this report are current only as of the date on which such statements are made. The Company and the Directors do not intend, and do not undertake any obligation, to update any forward-looking statements set forth in this report. You should interpret all subsequent written or oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf as being qualified by the cautionary statements in this report. As a result, you should not place undue reliance on such forward-looking statements.

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