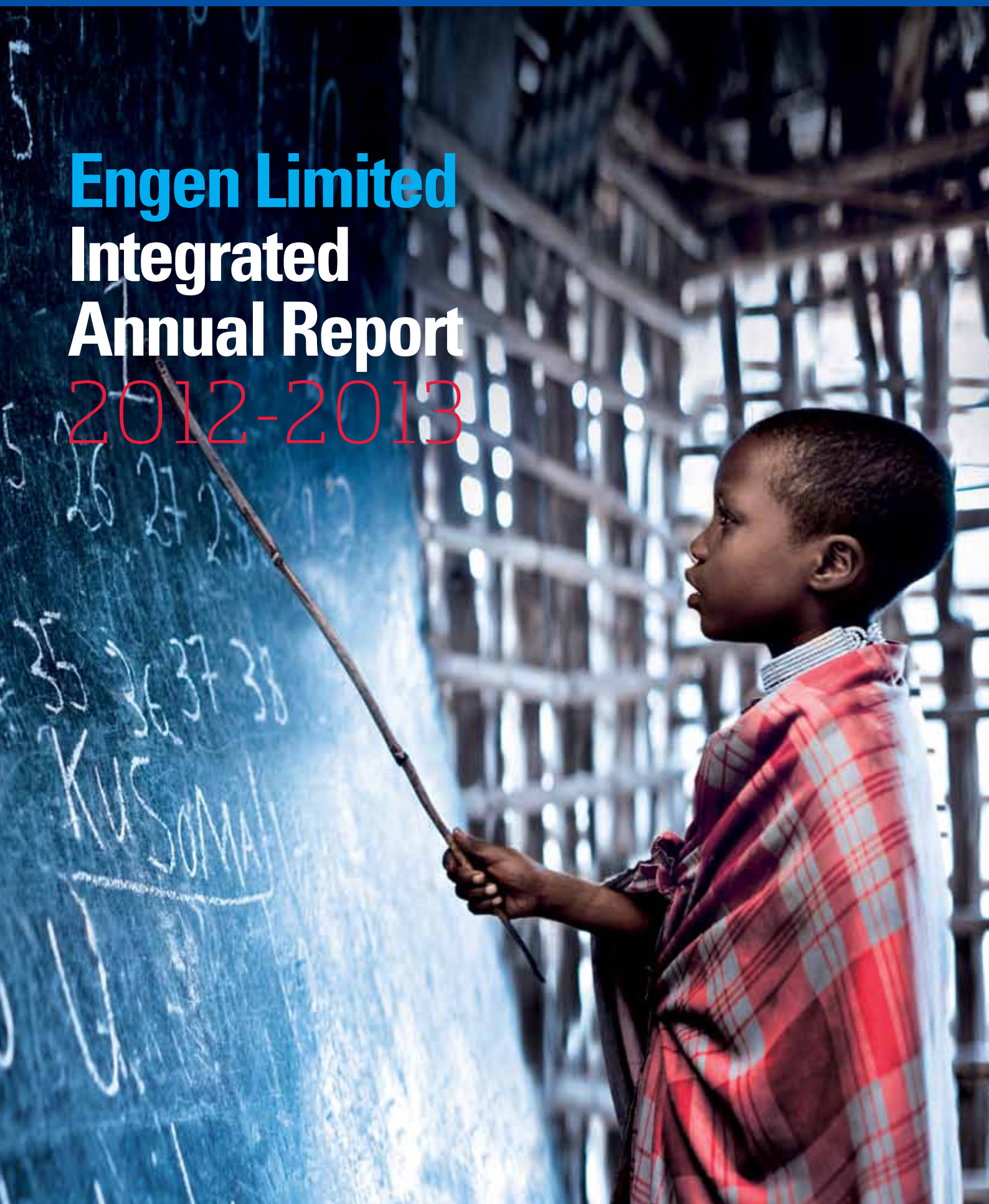


With us you are Number One



ENGEN

Engen Limited Integrated Annual Report 2012-2013





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About this report

This is our first Integrated Report, and it builds on our 2011 Corporate and Sustainability Report. It is, as far as possible, aligned with the King III Code of Governance for South Africa (2009), and the Global Reporting Initiative (GRI) guidelines for Sustainability Reporting version G3.1 (2011). It is also based on the principles and framework as presented in the Integrated Reporting Framework (December 2013). This report is also our primary reporting tool to stakeholders and constitutes our first step on a journey towards integrated reporting. It reflects our focus and commitment towards finding the right balance between environmental performance, social equity and financial prosperity in all decisions and activities we undertake.

The scope of this report includes all countries in which we have significant operations or affiliate presence and all entities where we have significant operational control or influence. In the past we reported only 47% of the South African Oil Refinery's (SAFOR) contribution towards water withdrawal, energy consumption and greenhouse gas (GHG) emissions. In this report we have included 100% of its contributions for 2012 and 2013 because Engen has operational control over SAFOR. Any other deviations from the reporting boundary will be stated accordingly in the report.

This report is based on the principle that an organisation's business model is the vehicle through which it creates value. That value is embodied in the capitals that it uses and affects. A matrix approach is followed to report Engen's value chain. This report provides an honest and relevant reflection of Engen's sustainable development activities and performance during the financial years 1 January 2012 to 31 December 2013.

An external assurance was provided for financial and selected non-financial key performance indicators. Ernst & Young provided the financial assurance. KPMG provided the non-financial assurance for environmental indicators. The latter is indicated by the abbreviation "RA" for reasonably assured.

*Engen Limited Sustainability Manager
Engen Court, Thibault Square. Cape Town, 8001
PO Box 35, Cape Town, 8000*

*E mail: 1call@engenoil.com
Tel: +27 21 403 5258
Fax: +27 21 403 4384
Web: www.engenoil.com*

CEO Statement



Datuk Ahmad Nizam Salleh

Engen's drive towards sustained value creation and stakeholder engagement motivated us to publish our very first Integrated Report. Produced in close alignment with the King III reporting recommendations, it affords Engen increased opportunity to be accountable, transparent and inclusive. It has also offered us the chance to look inwardly, reassess the management of our business, engage robustly with our stakeholders, and tell our story. I firmly believe that this will be of significant benefit to Engen, not least in forging greater trust with all of our stakeholders.

For Engen, the two years under review were challenging amidst an increasingly volatile and uncertain global economy, and an industry burdened with escalating costs and an acute shortage of experienced personnel in certain technical disciplines. Our focus areas remained defending our positions in the mature countries in which we operate while growing our market share across Sub Saharan Africa and the Indian Ocean Islands through organic growth and acquisitions. In 2013, we also recommitted ourselves to achieving operational excellence, whilst boosting our focus on Health, Safety, Environment and Quality (HSEQ) as well as risk management. I am however pleased to report that the company has rallied strongly amidst these testing circumstances to sustain and expand the business in accordance with our strategic objectives.

We have once again taken advantage of our marketing, logistics and HSEQ expertise, the dedication and inspiration of our people, and the guidance of our parent company PETRONAS to enhance our value creation process. Our group turnover increased by 51% to R97,8 billion in 2012 and a further 8% to R105,7 billion in 2013 on the back of high crude oil prices, coupled with a weakening of the Rand, resulting in higher fuel prices¹.

Other financial highlights include cash generated from operations increasing 165% to R823 million in 2012 and 467% to R4,7 billion in 2013. Assets grew by 14% in 2012 and 2013 to R38,3 billion, while total dividends paid to shareholders totalled R901 million in 2012 and R1,4 billion in 2013. What is clear is that the three turnaround exercises at our Refinery during 2011 are having a positive impact on our operational efficiency.

Engen's balance sheet remains largely ungeared, leaving the company in an ideal position to pursue attractive growth opportunities across Sub Saharan Africa and the Indian Ocean Islands, as and when they are identified.

Refinery

Our Refinery's performance is trending better, with the plant continuing on a path towards greater efficiency, after a difficult few years. This is encouraging. Significant successes include an excellent performance in ISO14001 audits and improved white oil yield following extensive cleaning work on the Cooling Water and Heat Exchangers.

Overall plant reliability was also positive - reliability of units in 2012 and 2013 was 95.2% and 96.5% respectively (compared to reliability of 85.8% in 2011) - lending credence to an enhanced Equipment Reliability Strategy that was implemented.

On the downside, tight global margins continued to persist and corrode our profits, resulting in reduced gross earnings.

The impact of sanctions on the importation of Iranian crude in 2012 meant that our Refinery had to change its diet of Iranian crude. We did however moderate the change through alternative crude sourcing and procurement of finished product.

Notwithstanding the positive trend, the general outlook for the Refinery continues to look tough amidst a challenging macro-economic backdrop.

Sales and Marketing

Engen's sales and marketing performance in 2012 and 2013 across Sub Saharan Africa and the Indian Oceans Islands was encouraging, notwithstanding the soaring price of fuel, which impacted driving habits in our biggest market of South Africa.

In 2012, sales volumes in South Africa remained in line with the prior year's annualised volumes, despite inland supply constraints at the beginning and towards the end of the year. In 2013 local sales volumes were higher than the prior year. Fuel sales volumes saw a decline largely due to pricing and disposable income.

In our markets outside of South Africa, 2012 volumes also remained in line with the prior year's annualised volumes. This was despite the closure of nine facilities in Burundi due to their non-compliance with our HSEQ standards, and the closure of our Ugandan affiliate. Volumes however improved during 2013 driven primarily by increased sales growth in Kenya and Tanzania.

We continued to expand signature convenience offerings across our network, including fast food and restaurant partnerships, franchise bakeries, coffee, alternate payment partnerships and a range of other innovations in the years under review. In 2012, our new-look Quickshop offering was rolled out in Namibia and Botswana and further north, along with signature partner brands such as Corner Bakery and Wimpy. Furthermore, we have upgraded and modernised a number of existing Engen service stations in various Sub Saharan African countries. In parallel, we are steadily overhauling the networks we acquired in recent years.

We have also moved to improve the environmental performance of some of our sites, introducing multiple energy and water-saving alterations to selected service stations in Botswana and Namibia. Having now identified the most effective and efficient interventions for our purposes, ones that can significantly decrease our carbon footprint and operating costs when rolled out more broadly, we will endeavour to bring more and more Engen sites in line with international environmental standards in the coming years.

While we rate of our marketing achievements as significant, we are mindful of an increasingly competitive landscape across all of our markets. Our marketing efforts going forward will remain strictly aligned with our strategic focus of defending market share, whilst growing both organically and through acquisitions where appropriate.

¹ In the 2011 financial reporting period, Engen changed its year end from March to December. As a result, the December 2011 comparative financial period was a 9-month trading period, compared to the 12-month trading period in December 2012. Analysis of performance therefore needs to consider this factor.

Operational Excellence

Operational Excellence is a key strategic focus for Engen. A philosophy of continuous improvement exists throughout the company, with scheduling, cost of delivery, quality of goods and services, and the reliability of our assets all receiving emphasis. This rests on an optimised integrated hydrocarbon supply chain across all of our markets. Value chain optimisation depends on the optimal procurement, processing, supply and distribution of bulk liquid hydrocarbon feedstock, blend stock and fuel products from procurement through to customer delivery. We made significant progress in this regard in 2012 and 2013 and remain fully focused on achieving greater improvements over the next few years.

Transformation

Meaningful Broad-Based Black Economic Empowerment (B-BBEE) in the oil industry of our biggest market, South Africa, remains an essential part of our future success. Accordingly, strategies and plans are being developed to progress this important issue.

A firm focus on the transformation of our organisation and proper application of the B-BBEE codes has seen us improve our B-BBEE Level status from a Level 4 B-BBEE contributor to a Level 3 B-BBEE contributor over the course of the reporting period.

Our performance in terms of the South African Liquid Fuels Charter and the B-BBEE scorecard continues to impact our commercial and lubricants business in terms of lost business, especially in mining, where companies are required to comply with the mining charter. While positive strides were made in FY2012 and FY2013, there is still work to be done, particularly in preferential procurement, enterprise development and ownership. In terms of Employment Equity, we are moving in a positive direction, although the equitable representation of African males and females, and people with disabilities remains a challenge.

HSEQ

Health, Safety, Environment and Quality (HSEQ) and Risk Management are a key strategic focus for Engen. We actively manage our environmental and safety risks at all times by ensuring that we improve our HSEQ capability, implement the Mandatory Control Framework (MCF) and support the line divisions with their environmental compliance. Engen aims to comply with environmental legislation whilst operating in accordance with industry best practice. In 2012 and 2013, our Refinery, Durban Terminal, and Lubricating Oil Blend Plant (LOBP) retained their ISO 14001 certification. The Richards Bay Joint Bunkering Services became a new ISO 14001-certified facility.

It is with deep sadness that we report an incident in July 2013 that led to the death of a contract worker at one of our coastal depots. On behalf of the management and staff of Engen, I would like to extend our sincere condolences to the family, friends and colleagues of the deceased.

Looking Forward

With a proud heritage stretching back over 125 years, distinct assets, dedicated employees and a clear vision of the future, we are well placed to take advantage of our market-leading positions and the growth opportunities across Sub Saharan Africa and the Indian Ocean Islands, to the benefit of all of our stakeholders.

Our objective is to ensure that the development and implementation of compliance frameworks focuses on the entire group, in accordance with prudent governance standards. This means that we must continue

to review our business practices and processes to align with changes in legislation. Importantly, timeous identification of the legislation that impacts Engen will be needed and intervention strategies will need to be developed with compliance training programmes put in place to ensure employees are aware of all changes.

From a corporate governance point of view, we continue our efforts to ensure that our Limits of Authority Framework and the Group Governance Structure are aligned with governance best practice.

The optimisation of our value chain, firmly supported by a resolute defence of our market-leading positions growth in developing markets, a firm commitment to operational excellence and astute HSEQ and Risk Management will ensure we pursue our vision to be 'The Oil Company of Choice in Sub Saharan Africa and the Indian Ocean Islands' with confidence.

The uncertain global business environment will certainly be challenging. I do, however, remain confident that Engen possesses the necessary resources to sustain us well into the future.

I would like to thank Engen's shareholders and the Board of Directors for their assistance and guidance. I also extend a special word of thanks to my management team for their support as well as the dedication and resolve of our employees, without whom progress would not have been possible. Each and every day they demonstrate the necessary enthusiasm, determination and skill required to manage the changing dynamics in our business, while continually looking to improve their own performance levels. I truly appreciate all their efforts and contributions.

I extend my gratitude to all of our stakeholders and look forward with confidence to the future.

DATUK AHMAD NIZAM SALLEH
MANAGING DIRECTOR AND CEO

We are well placed
to take advantage
of our market-leading
positions.

Performance Highlights

Performance Data Tables

Performance Indicator	FY2013	FY2012	FY 2011 ²	FY2010/11
Turnover (Rm) - including duties, levies and income from investments	129919	119218	78865	78971
Duties, levies and taxes paid	(24100)	(21366)	(14165)	(15948)
Purchased materials and services	(99362)	(92143)	(59725)	(57729)
Wealth created	6457	5710	4975	5294
Number of countries in which Engen operates	18	19	20	20
Corporate social investment spend (Rm)	25	21	29	32
Total number of all Engen temporary, permanent and contractor employees (SA and outside SA)	3999	4037	3981	3749
Employees (permanent, SA)	2908	2914	2881	2821
Employees (permanent, outside SA)	573	623	574	418
Employees (temporary and contractors, SA)	481	475	498	481
Employees (temporary and contractors, outside SA)	37	25	28	29
Employee turnover (%)	8.33	6	6.3	5.9
Training expenditure (% of payroll)	2.7	2	3.6	5.4
Work-related fatalities	1	0	0	1
Total recordable rate (TRR) (FY) ³	0.36	0.34	0.69	0.63
Lost time injuries frequency (LTIF) (FY)	0.18	0.24	0.25	0.24
Environmental ⁴	CY2013	CY2012	CY2011	CY2010
Number of Major Loss of Primary Containment (>1120 litres)	11	20	25	18
Volume Major LOPCs (kilolitres)	155	124	263	112
Number of Loss of Primary Containment (>160 litres) ⁵	266	62	61	68
Volume LOPCs (kilolitres) ⁶	203	141	279	133
Scope 1 GHG emissions (10 ⁵ tonnes CO ₂ equivalent) (excl. IBD)	7.6 ^{RA}	8.3	5.6	6.8
Scope 1 GHG emissions (10 ⁵ tonnes CO ₂ equivalent) (Refinery only)	6.2 ^{RA}	6.8	4.4	5.6
Water withdrawal (million m ³) (excl. IBD)	3.40 ^{RA}	3.44	3.50	3.03
Water withdrawal (million m ³) (Refinery only)	3.27 ^{RA}	3.30	3.36	2.91
Energy usage (10 ⁹ MJ) (excl. IBD)	12.6 ^{RA}	14.0	8.2	10.2
Refinery energy usage (10 ⁹ MJ) (Refinery only)	11.3 ^{RA}	12.5	6.1	8.2
Refinery waste disposal to landfill (tons)	20328	6252	4857	6476
Refinery waste recycled (tons)	10077	10737	6,871	7,212

²9-month year from March to December

³LTIF and TRR: Injury rates are measured per 200,000 man hours

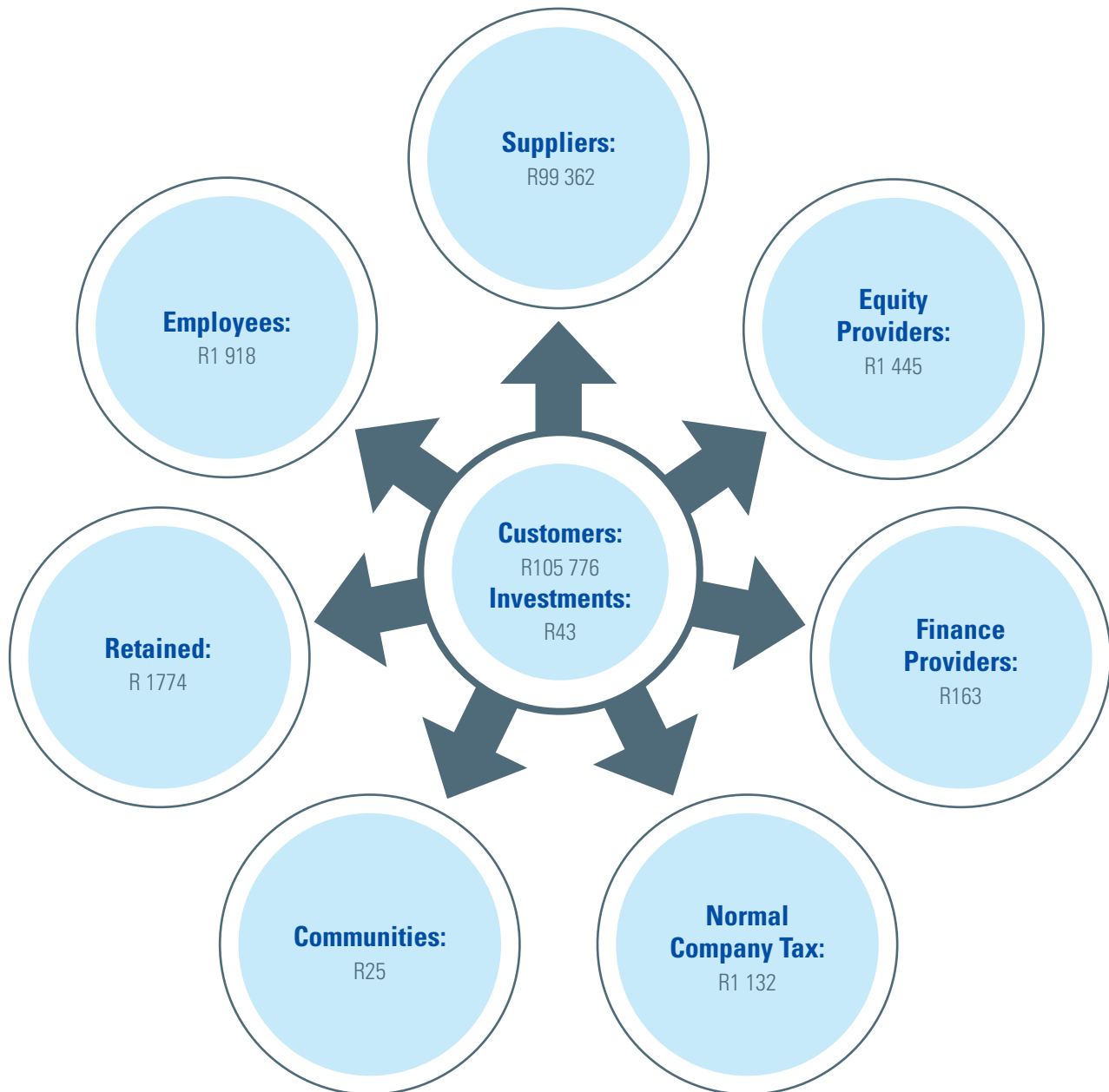
⁴All based on calendar year

⁵Reported until 2012, from 2013 all LOPC incidents and volumes are reported including those below 160 L

⁶LOPC definition in the Natural Capital section of the report

RA = Reasonably Assured by KPMG

Summarised 2013 Flow of Capital between Stakeholders (Rm)



Engen at a Glance

Engen, an African energy company, markets fuels and lubricants mostly manufactured at our Refinery and Lubricant Oil Blend Plant, which are both located in Durban, South Africa. Our products include petrol, diesel, jet fuel, kerosene, liquefied petroleum gas, fuel oils, lubricants, hydrocarbon solvents, polymers and bitumen. When required, we balance our product slate and meet our contractual commitments by importing products. We also offer convenience services through an extensive network of service stations spread across Sub Saharan Africa and the Indian Ocean Islands.

Key figures

- Engen has a refining capacity of 120,000 barrels per day
- We have 189 Bulk Trucks in our South African fleet and 2 Marine Product Tankers
- We have 1063 service stations across South Africa, Lesotho and Swaziland and 446 in our affiliate operations
- Our retailing network includes 581 Quick Shops in South Africa, Lesotho and Swaziland and 145 in our affiliate operations
- Our turnover for 2012 was R97.8 billion and for 2013 it was R105.7 billion.
- We have offices in 18 countries
- We employ approximately 3,999 employees

Engen Limited is owned by Petroliam Nasional Berhad (PETRONAS), the Malaysian national oil company which holds 80% of our equity through Petronas International Corporation Limited. Pembani, a black-controlled South African company focusing on the broader energy sector, holds the remaining 20% through Afric Energy Resources (Pty) Limited. Engen Petroleum Limited is a wholly-owned subsidiary of Engen Limited (Engen), with its head office in Cape Town, South Africa.

Our main divisions

Refinery

The Refinery's purpose is to manufacture the agreed volume and range of products in the most cost effective, safe and responsible manner required to meet the needs of our customers.

Supply, Trading and Optimisation (STO)

The key role of the Supply, Trading and Optimisation (STO) Division is to support the growth of ESM and IBD with the supply of optimal petroleum products. In carrying out that role, STO has the responsibility to plan for maximum supply efficiency and two coordinate strategies and operations to balance supply and demand for fuel in the system. Trading is the activity undertaken to close the gap between supply and demand in the system and carried out within the context of optimisation.

During 2013, STO was able to meet system shorts through supply of products at optimal value, realising improvement to landed costs of imports. System length was exported at favourable prices.

Engen Sales and Marketing (ESM)

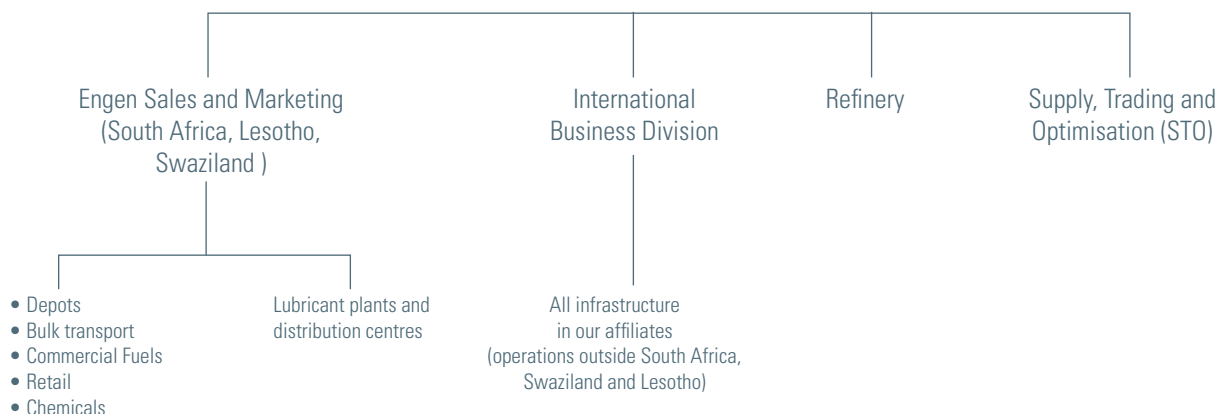
ESM is responsible for the Sales and Marketing of Engen's petroleum products, as well as alternative profit opportunities, in South Africa, Lesotho and Swaziland. The division is managed through four Business Streams, namely: Retail, Commercial, Lubricants and Chemicals & Special Products.

Our lubricants department offers a wide range of high performance lubricants that are designed to meet specific demands for various applications and local conditions. We have an ISO-certified (ISO 9001, ISO 14001 and ISO 17025/QP and G) blending facility in Durban, South Africa and have the backing of PETRONAS Lubricants International (PLI) through PETRONAS Lubricants Africa Ltd, a lubricants business with global presence in the industry. We also have a supply agreement with ExxonMobil and access to global supply networks. Through these interactions and partnerships, we are able to deliver product and business model innovation that allows us to stay ahead in providing relevant solutions to our customers.

International Business Division (IBD)

IBD is responsible for all Engen's downstream marketing operations in Africa other than South Africa, Lesotho and Swaziland. In addition to its marketing operations, IBD has a business development focus, constantly seeking new opportunities in existing markets and countries where Engen would like to operate in future.

Engen Petroleum Limited (Operations Divisions)



The Engen brand

Various external factors affect the management of the Engen brand. These include the political, social and economic landscapes in all of the countries in which we conduct business. In addition, the competitive landscape and legislative requirements also have a material effect on our intellectual capital. In terms of the latter, a culture of compliance to all laws and adherence to a code of ethics is persistently emphasised and adhered to across the organisation, while our values – one of which is integrity – guide our behaviour.

Various risks and opportunities are associated with the management of Engen's intellectual capital. Prominent is the Liquid Fuel Charter, which has had a material effect on our business with the mining industry; compliance to environmental legislation and the associated risks to oil refining and the retail of petroleum-based products; retention of individuals occupying mission-critical positions; and general skills shortages in the countries in which we conduct business.

Engen has carefully conceived and articulated processes and brand building initiatives to enable the effective management of our intellectual capital. All marketing communication is passed through a brand forum, comprising marketers from across the organisation, for vetting and approval. Bigger ticket items are passed through an Image Council chaired by the Engen Managing Director and CEO and members of the Engen Management Committee. Where material effect on the Engen Brand is planned, applicable approval from the Engen Board is sought. Our internal legal department has oversight of all trademarks and patents.

New Branded Products

Our brand was enhanced by the introduction of new products during 2012 and 2013:

- *Engen IPS (Innovative Packaging Solution) fluid bags have had a significant impact on reducing cost-to-serve for customers with intermediate bulk lubricants requirements. This initiative also created opportunities to compete for new customers who have a need for this type of lubricant.*

- *Engen launched a new brand of fuels, Primax Unleaded petrols, to the South African market in November 2012. Primax is designed to optimise engine performance. The launch was successful with feedback indicating that consumers are responding positively to marketing communications.*
- *Oil-on-Tap, an innovative oil-dispensing unit for small- and medium-sized automotive and engineering companies, aimed at addressing daily inventory control and cash flow challenges often experienced by workshop management, was launched by Engen.*
- *Engen introduced Hydrokin ESF, a hydraulic fluid with excellent energy-saving properties, to its customers in the SADC markets.*

Brand Achievements

Engen's brand building efforts were recognised by our customers, contributing to two significant awards over three consecutive years, from 2011 to 2013.

- *Engen was crowned the "Coolest Petroleum Brand" by South African youth, in the prestigious Sunday Times Generation Next survey (8-22 age group).*
- *Engen was voted the Top Brand in the Sunday Times TNS Top Brands survey.*

In 2013 we received a further two significant awards, in which Engen was named:

- *The most popular Fuel Brand in the prestigious Standard Bank People's Wheels Award.*
- *South Africa's Leading Oil Company in the 2013 Top Company Reputation Index run by the Mail and Guardian newspaper.*





With us you are Number One

Engen Brands



Primax

Engen Primax Unleaded is designed to adapt to the way you drive, providing performance when you want it and fuel economy when you need it. The technologically advanced additive pack also includes a new generation detergent that cleans and improves engines.



Dynamic Diesel

Engen Dynamic Diesel cleans and restores engines towards their original design state while new engines are protected and maintained to increase performance and lifespan.



Laurel Paraffin

Engen Laurel Paraffin is a market-leading illuminating kerosene. It is highly refined fuel that burns with a large, bright, smokeless flame with a minimum amount of wick charring and free from unpleasant odours.



Quickshop

Quickshop is the convenience store located at approximately 726 Engen service stations. Open 24 hours a day, 7 days a week, Quickshops offer a range of convenience products and services. Innovative store design, range and service set Quickshops apart from the traditional corner café.



TruckStop

Engen Truck Stops are service stations that are spread across South Africa that are dedicated to the needs of truck drivers. They also offer rest and ablutions facilities to heavy duty drivers.



1-Stop

The Engen 1-Stop network was specifically designed to meet the needs of the long distance traveller. The facilities available at Engen 1-Stops have been extended well beyond fuel, and include Quickshop, public bathrooms, multi-branded fast food takeaways and/or restaurant facilities, play areas for children, tourist information, telephones and diesel trucking facilities.



1-Plus

Engen 1-Plus are differentiated service stations that have selected convenience partner outlets. 1-Plus sites differ from normal urban sites by carrying the following minimum convenience offerings: Quickshop, Corner Bakery, rotisserie chicken or fast food brand, coffee offering, Woolworths Food-Stop or convenience meals, and branded ATMs.



The Oil Centre

The Oil Centre is an approved distributor of Engen- and Mobil- branded lubricants. They are set up in metropolitan areas and are ideally situated to service small and medium-sized lubricant customers. They also stock related products such as lubricant storage and dispensing equipment, spill containment kits and garage equipment.



Fluidlink

Fluidlink is a complete lubrication and fuels solution that Engen provides to industrial and mining customers. It is designed to reduce downtime and increase the life of equipment through the implementation and management of world class lubrication and dispensing practices.



1-Card

Engen 1-Card is a new generation fleet solution for safe, secure transactions that help owners control fleet expenses. It gives fleet owners greater assurance that their money is actually spent on products used by their vehicles.



The brand rejuvenation and strategic refocusing programme in 2012 resulted in the Engen Board approving a renewed corporate strategic focus which was implemented early in 2013. The new strategic focus can be summarised as follows:

OUR VISION

The Oil Company of Choice in Sub Saharan Africa and the Indian Ocean Islands.

CORE FOCUS

Engen's core function is the refining of crude oil, the marketing of our primary refined petroleum products and the provision of convenience services.

CONVENIENCE

Engen offers convenience services through the Quickshop brand at selected service stations spread across Sub Saharan Africa and the Indian Ocean Islands.

PRODUCT RANGE

Engen's products include automotive fuels and lubricants, industrial fuels and lubricants, aviation fuels and lubricants, marine fuels and lubricants, hydrocarbon solvents, polymers and bitumen.

AFRICAN FOOTPRINT

Engen has retail outlets in 18 countries across Sub Saharan Africa and the Indian Ocean Islands, and markets and distributes lubricants in another 7 countries. In addition, it exports products to over 20 other countries in the region.

ENGEN VALUES

At Engen our corporate values are the standards of excellence we strive to achieve as a successful business and responsible corporate citizen. The values driving our actions are:

Integrity

We demonstrate ethical, fair and transparent behaviour. Our actions earn trust and respect from others.

Performance

We actively pursue, define, measure and recognise excellence in all business activities.

Ownership

We are responsible and accountable for our actions and performance. We are committed to continuously finding new and better ways to deliver value to the business.

Empowered

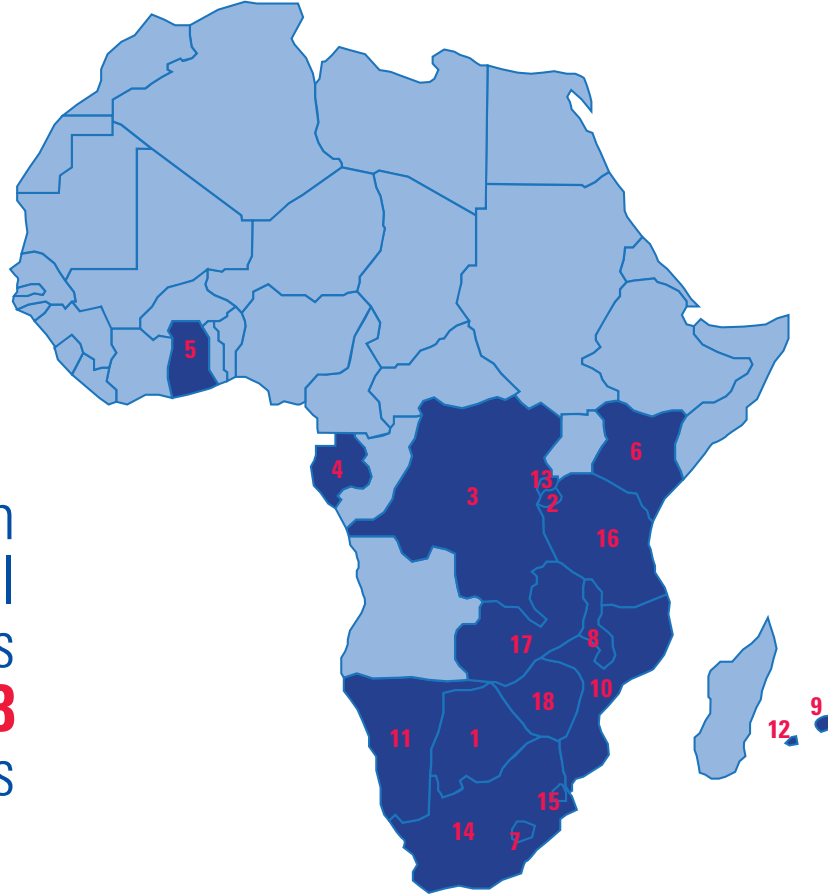
Employees have the capability, authority and resources to act and perform in their jobs. Employees are developed to be competent in their current jobs and their potential is developed to meet the current and future needs of the company.


Teamwork

We work together as one team to realise Engen's Vision – to the benefit of the whole organisation.

Our African Presence

Engen has retail outlets in **18** countries



 Countries in which Engen has retail forecourts and markets and distributes lubricants, chemicals and fuels for the commercial market

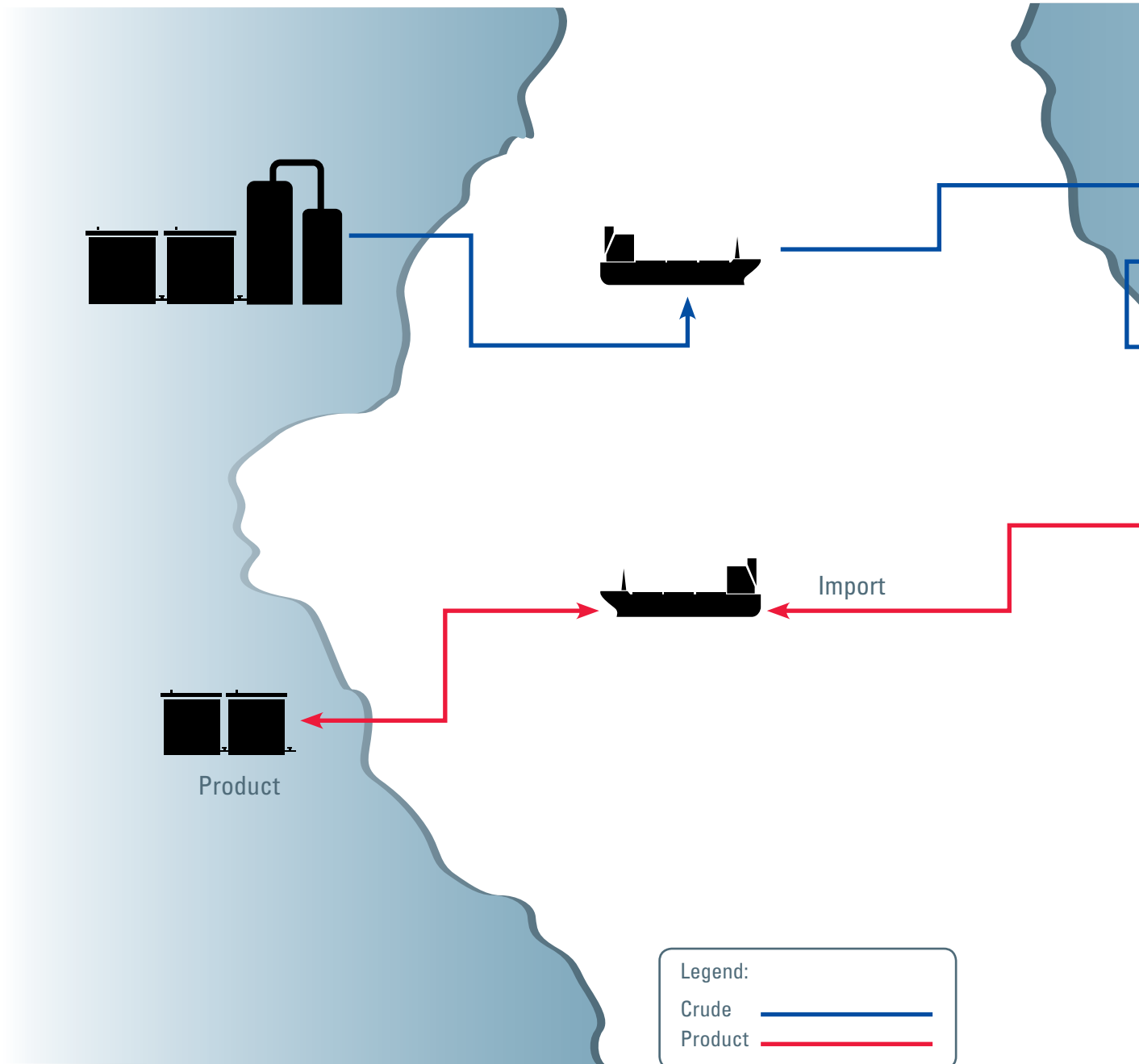
- | | |
|--------------------|------------------------|
| 1 BOTSWANA | 10 MOZAMBIQUE |
| 2 BURUNDI | 11 NAMIBIA |
| 3 DRC | 12 RÉUNION |
| 4 GABON | 13 RWANDA |
| 5 GHANA | 14 SOUTH AFRICA |
| 6 KENYA | 15 SWAZILAND |
| 7 LESOTHO | 16 TANZANIA |
| 8 MALAWI | 17 ZAMBIA |
| 9 MAURITIUS | 18 ZIMBABWE |

Engen divested from Guinea-Bissau during the first quarter of 2013.

Engen's Value Chain

Our business begins with crude or finished product sourcing. Crude is shipped to our refinery where it is transformed into a variety of value-added products, which are distributed to our depots, our lubricants blending facility and major customers. At our depots and blending facility the products are supplemented by internationally and locally sourced finished products and blended, where necessary. From the depots and blending facility final products are distributed to major customers and our retail network. At our retailers, convenience stores are added to our product offering. Distribution of our products takes place via ship, pipeline, rail or road.

Hydrocarbon Value Chain

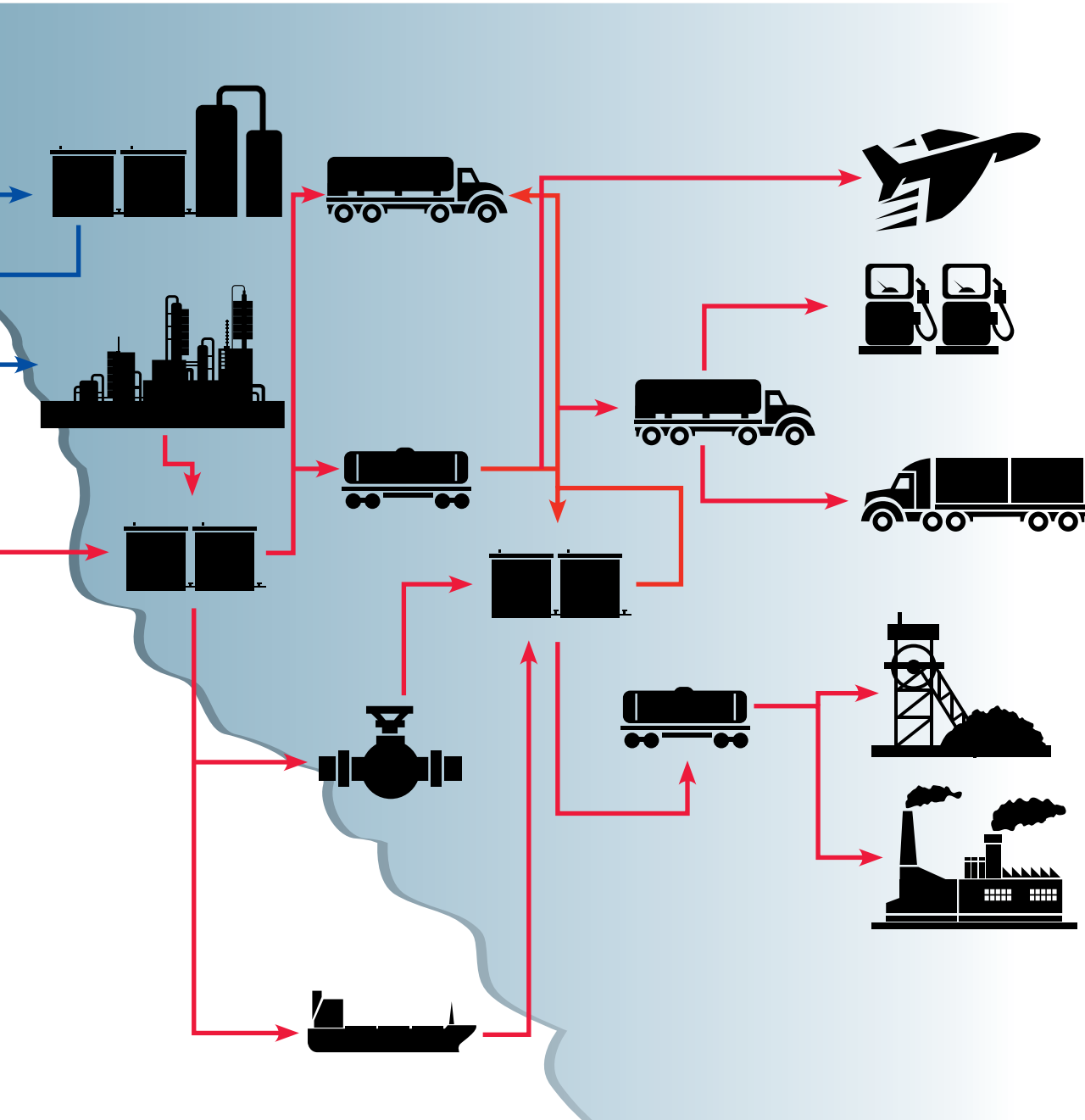


Outbound Logistics Fuel & Products

We move products using pipeline, ships, trucks and trains, and capture value across the supply chain.

Sales & Marketing Fuel & Products

We supply customers with fuel for mobility, off-grid lighting and heating solutions, lubricant for mechanical moving parts in automobiles, generators and production instruments, and petrochemicals to make a variety of everyday items.



External Environment

Global environment

Our Refinery is optimised for Iranian crude and has hence been affected significantly by the US and European Union (EU) imposed Iranian oil sanctions. We therefore continue to source mostly Saudi Arabian crude to ensure sustained supply for our Refinery.

Slow global economic recovery and depressed global demand for oil, especially in OECD countries, continues to prolong the cumbersome era for the oil and gas industry.

Legislative changes in African countries, such as indigenisation and joint ownership by governments, could have a negative and/or positive impact on commercial agreements and other business practices with various stakeholders in the relevant countries.

Some Sub Saharan African economies were less impacted by the global financial volatility, due to their low integration into global markets. However, natural resource exporting economies - like the DRC, RSA, Zambia, etc. - are impacted negatively in the context of a slowdown

Crude Oil Price Fluctuations



In Bonded Landed Cost (IBLC) represented the refinery gate price of fuel in South Africa and was replaced in April 2003 with the Basic Fuel Price

The continued global focus on climate change, carbon taxation and associated management of emissions may well result in reduced demand for fossil fuels and a higher demand for alternative energy sources. International environmental incidents in the oil and gas sector have put the focus firmly on operational risks in the liquid fuel industry, which may lead to stricter environmental standards.

As growth in developed economies begins to accelerate, emerging markets, like the Republic of South Africa (RSA), have seen an outflow of investment. Worse still, emerging markets exports have failed to respond to rising growth in key markets, suggesting that the improved fortunes of the world's wealthy countries are not having the uplifting effect on emerging markets as was anticipated. However, invisible exports (i.e. tourism) have indeed taken advantage of the weak SA Rand.

African environment

The risk of political unrest on business sustainability remains a global concern. Areas where Engen has operations are no exception. While this remains a risk, many countries in Africa have maintained political stability, hence succeeding in attracting business and investment, resulting in economic growth.

The global drive towards cleaner fuels is expected to continue along with technology developments enabling it. While this improves end-use impacts of the product, it places pressure on production at refineries.

in Chinese economic development. Negative impact of global markets on donor funding also has the potential to affect the buying power and disposable income of countries reliant on donor funds.

Nevertheless, Africa's petroleum demand growth rates and GDP growth rates for 2013 were 5.6% and 5.1% respectively, compared to 2012 rates of 3.5% and 4.8% respectively.

The global drive towards cleaner fuels is expected to continue along with technology developments enabling it.

South African environment

In 2013 South Africa's GDP growth was hampered by production losses due to the prolonged industrial action in the vehicle manufacturing and component sectors, as well as disappointing performance from the tertiary sector.

Actual growth in that year was a disappointing 1.9%, compared to 2.5% in 2012. Surprisingly, a GDP growth figure of 3.8% was registered in 4Q13, compared to the weak 0.7% of 3Q13, which was most affected by labour strikes. Consumer price inflation (CPI) averaged 5.8% for the year, compared to 5.7% for 2012. This was still within the SA Reserve Bank target band of 3-6%. The Household Disposal Income (HDI) index was 2.7% in 2013 compared to 3.8% in 2012 with a significant decrease taking place in the latter half of 2013.

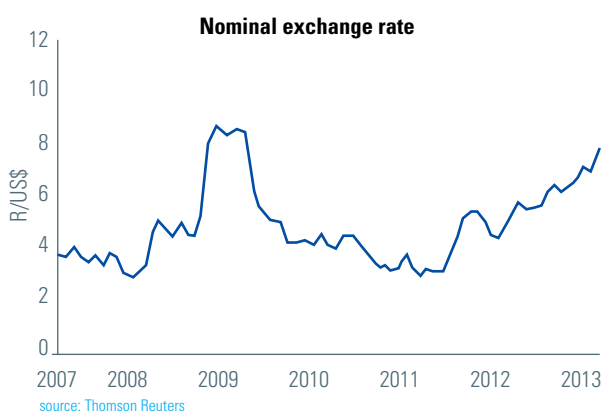
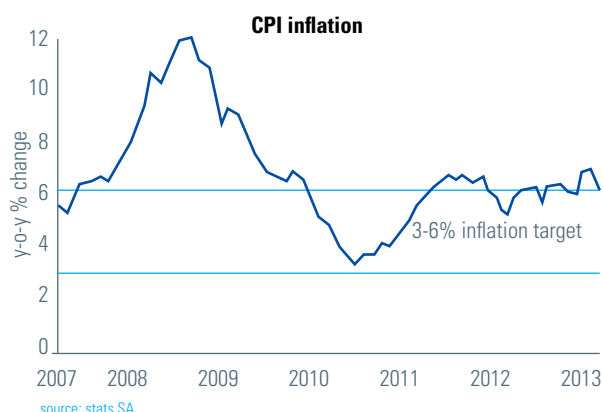
Selected economic figures for South Africa



system. As a result, 'dealers' retail margins per litre increased. At the same time, wholesalers' margin for petrol decreased, but in the case of diesel and paraffin it increased.

Socio-economic issues continued to play a huge role in South Africa's economic sustainability. Poverty, a direct manifestation of unemployment and income and/ or wealth disparities, is a major concern for the South African government.

As part of the drive toward climate change mitigation, discussions are ongoing between business and the regulator in South Africa in order to determine the desired emission reduction outcomes (DERO). Industry has been actively involved in this process and it is expected that the outcome will guide private sector responses to climate mitigation. Due to the nature of climate change, the impact of these issues is regional.



Changes in the timelines for the commissioning of the New Multi-Product Pipeline (NMPP), transporting product from Durban to Inland, affected our logistical planning.

South African refineries are facing a number of new regulatory requirements that require significant capital investment. These include, amongst others, multi-million dollar upgrades to meet the Department of Energy's clean fuels 2 (CF2) specifications, new minimum emissions standards (MES) - including the Department of Environmental Affairs' new plant standards, and a new carbon tax set by National Treasury.

In December 2013, the Department of Energy (DoE) implemented its Regulated Accounting System (RAS), a pump price regulatory system that aims to address the perceived shortcomings of the current control

Our EPIC Moments

To enhance performance, PETRONAS has an internal performance recognition system for both facilities and individuals. In 2012 Engen facilities won four of six gold awards (East London Terminal and the Upington, Ladysmith and Bethlehem depots), one of two silver awards (Witbank depot), while the Swaziland depot won a bronze award. The Refinery won a PETRONAS Downstream Excellence Award for waste management. In addition, our employees have continued to receive recognition for their outstanding performance.

In recognition of safe behaviour, Refinery employee Cliff Turley received the Petronas HSE Personality of the Year Award in the executive category for his extraordinary contribution to the Refinery's emergency response preparedness system.

Annual Formula E Awards

The much-anticipated 2013 Formula E event exceeded all expectations. It was by far the most competitive edition we witnessed since Formula E's inception in 2005. This event focuses on the logistics side of the business and recognises excellence amongst our operational employees. Their excellent performance has beneficial business impacts including the enhancement of our quality of service and HSEQ performance as well as a reduction in operating costs. In 2012 Formula E was not held, due to the financial change over that occurred in 2011.

Formula E 2013 Winners

CATEGORY	WINNER
Workshop of the Year - 1st place	Pretoria workshop
Workshop of the Year – 2nd place	Cape Town workshop
Workshop of the Year – 3rd place	Klerksdorp workshop
Outbound Scheduler of the Year	Rod Magnin
Depot of the Year - 1st Place	Port Elizabeth terminal
Depot of the Year – 2nd Place	Mokopane Depot
Depot of the Year – 3rd Place	Ladysmith Depot
Depot Best Performance – Customer Service	Rustenburg Depot
Depot Best Performance - HSEQ	Durban terminal

Driver of the year

CATEGORY	ARTICULATED	RIGID
Theory	Samuel Rhaketsi (Pretoria)	
Fire Simulation	Edward de Beer (Pretoria)	Moses Motsoeneng (Bethlehem)
Customer Care	Samuel Rhaketsi (Pretoria)	Deon du Preez (East Londen)
Pre-Trip Inspection	Edward de Beer (Pretoria) & Paul Turner (Cape Town)	Moses Motsoeneng (Bethlehem)
Track Test	Steven Mashala (Pretoria)	Lucas Mthimunye (Witbank)
Fuel Economy	Paul Turner (Cape Town)	Deon du Preez (East Londen)
Road Test	Russel vd Ross (Cape Town)	Cecil Qekezana (Port Elizabeth)
Driver of the Year 1st Place	Steven Mashala (Pretoria)	Godfrey Mkhombo (Nelspruit)
Driver of the Year 2nd Place	Samuel Rakhetsi (Pretoria)	Lucas Mthimunye (Witbank)
Driver of the Year 3rd Place	Edward de Beer (Pretoria)	David Phahladira (Pretoria)

The Engen Board

Our board, which is responsible for the governance of Engen on behalf of its shareholders, performs its duties within a framework of policies and controls, which provide for effective risk assessment and management of our economic, environmental and social performance. It also has an important role to play in setting ethical standards of conduct.

To ensure that we consistently practise effective corporate governance throughout the Engen group, our board materially applies the principles of King III. It also instills in our management team the need to achieve the best results in the most responsible way possible.

The board's responsibilities are outlined in its charter, which is reviewed and adopted by the board annually. All the board committees operate under board-approved mandates and terms of reference, which are reviewed annually to keep them aligned with current best practice.

The Audit, Risk and Compliance Committee (BARCC) is a statutory committee in terms of the Companies Act as well as King III. Shareholders are required to elect its members at the company's annual general meeting. While the social and ethics committee is also a statutory committee, its members are not re-appointed every year. The Remuneration and Nominations Committee (REMCO) is appointed by the Board and members must be non-executive directors, of which the majority are independent.

The Engen board charter, which details the responsibilities of the board, is closely aligned with the recommendations of King III and forms the basis of the board's responsibilities and duties. Our recently adopted Memorandum of Incorporation also addresses certain of the directors' responsibilities.

Role and Responsibilities of the Chairman

The chairman ensures, among others:

- *The overall effectiveness of the board and its committees.*
- *That the board provides effective leadership, maintains ethical standards and is responsible, accountable, fair and transparent.*
- *That strategies are developed and implemented with the objective of achieving sustainable economic, social and environmental performance.*

To achieve this, the chairman fosters a culture of openness and constructive challenge within the board that allows for the expression of a diversity of views in effective debates and discussions.

Roles and Responsibilities of the Board

As fiduciaries, board members are accountable to shareholders as a whole. They also owe a duty of care and diligence to the company. They act in the best interests of the company and consequently its shareholders. The board:

- *Governs the company on behalf of the shareholders.*
- *Is responsible for strategy and strategic decision-making and execution.*
- *Regularly assesses the company's performance.*
- *Engages with shareholders.*
- *Is responsible for Engen's approach to corporate citizenship, safety, health, the environment, ethics and risk.*
- *Takes responsibility for its own governance, including the rotation of directors, training of directors, conflicts of interest and the appointment of directors.*
- *Assumes overall responsibility for IT governance across the group.*

Composition

Our board members at year end comprised;

Non-executive directors



Datuk Wan Zulkiflee Wan Ariffin
(PETRONAS – Executive Vice President Downstream Business) (chair)



Mr. Amir Hamzah Azizan
(VP Downstream Marketing & Group MD/CEO of Petronas Lubricants International Sdn. Bhd)



Mr. Mohd Farid Mohd Adnan
(PETRONAS – Vice President Refining and Trading)



Mr. Joe Makobe
(MD Pembani Group)



Ms. Zella Fuphe
(Non - Executive Director)

Independent non-executive directors



Mr. David de Beer
(appointed in 2012)



Ms. Dawn Mokhobo



Ms Nosipho Molope

Executive directors



Datuk Ahmad Nizam Salleh
(MD/CEO)



Mr. Andrew Bryce
(Financial Director)



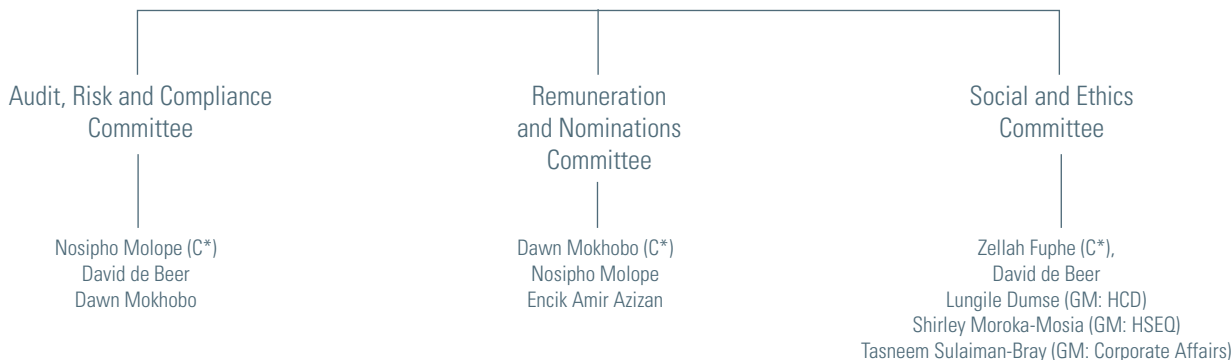
Mr. Vukile Zondani
(Director: Special Projects)



Ms. Fiona Gumede
Company Secretary

Engen Limited

Board



*Chairperson

Board Committees

There are three board committees, namely the BARCC, the Remuneration and Nominations Committee and the Social and Ethics Committee.

BARCC

The BARCC meets a minimum of four times a year, with special meetings called as and when required. It also meets periodically with the group's external and internal auditors without management being present.

Roles and Responsibilities of the BARCC

The BARCC, which also serves as the formal BARCC of Engen Marketing Limited, Engen Petroleum Limited and Enpet Africa Insurance Limited, has a key role to play in ensuring the appropriate checks and balances are in place. This includes robust, independent and efficient audit processes and that financial reporting throughout the Engen group is accurate and reliable.

The committee:

- *Reviews and oversees the Engen group's financial and integrated reporting and Engen's system of internal controls.*
- *Reviews the findings of all internal and external audits and oversees the internal audit function.*

Composition

The BARCC's three members are all independent non-executive directors. The chief executive officer and financial director attend committee meetings by invitation, but they do not have a vote. The external auditor and the General Manager: Enterprise Risk and Assurance also attend meetings by invitation.

Internal Audit

The Enterprise, Risk and Assurance (ERA) division monitors compliance with policies and procedures and reviews the effectiveness of the internal control environment. Significant non-compliance with policies and procedures or weaknesses in internal controls are highlighted in its reports, brought to the attention of management and reported to the Engen BARCC, which in turn reports to the board and shareholders.

The annual internal audit plan is established by the ERA and approved by the BARCC.

Statement of Internal Control

The board acknowledges overall responsibility for the Engen group's system of internal controls. This includes the establishment of an appropriate control environment and framework, as well as reviewing the effectiveness, adequacy and integrity of this system.

Our system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Our system of internal controls is designed to manage, rather than eliminate risk. Accordingly, the system can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss.

The group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives. This is embedded in the Engen group's culture, people, processes and structures.

Remuneration and Nominations Committee

The remuneration committee meets quarterly, with additional meetings called as and when required.

In consultation with executive management, the committee ensures that the group's directors and senior executives are fairly rewarded for their individual contributions to overall performance and that their remuneration is in line with Engen's remuneration policy.

With regard to its remuneration responsibilities, the committee:

- *Assists the board by ensuring that Engen's directors and executives are remunerated fairly and responsibly and that their remuneration is aligned with shareholders' interest.*
- *Ensures that Engen's remuneration strategies and policies are designed to attract, motivate and retain quality employees, directors and senior management, committed to achieving the overall goals of the company.*
- *Makes recommendations to the board and shareholders for their consideration and final approval regarding remuneration strategy and policy.*
- *Benchmarks Engen's remuneration against competitor companies.*

With regard to its nomination responsibilities, the committee ensures that:

- *Engen's leadership is representative of all race groups and is in accordance with the spirit and targets set out in the Department of Trade and Industry's (DTI) Codes of Good Practice.*
- *The appointment of Engen's directors is transparent and governed by formal procedures set out in the committee's terms of reference and the board charter.*
- *Directors retire and are re-elected in accordance with the mandate and the company's memorandum of incorporation.*

Composition

The majority of the committee's members are independent non-executive directors. Engen's chief executive officer has the right of attendance at committee meetings and the General Manager: Human Capital Division attends by invitation.

Social and Ethics Committee

The social and ethics committee was established during 2012 and meets four times during the year. Special meetings are called as and when required.

The committee, which is a statutory committee in terms of the Companies Act, assists the board with the oversight of social and ethical matters relating to the Engen group. It performs an oversight and monitoring role in terms of:

- *Embedding a culture of ethical behaviour in Engen.*
- *Activities with regard to any relevant legislation or codes of best practice.*
- *Activities with regard to social and economic development.*
- *Good corporate citizenship.*
- *Performance in terms of the environment, health and public safety, including the impact of the company's activities and its products and services.*
- *Consumer relations.*
- *Promotion of equality, prevention of unfair discrimination, reduction of corruption, transformation policies and strategies and social responsibility policies and strategies.*

Composition

The committee is chaired by a non-executive director, Ms Z Fuphe. The other members of the committee are one independent non-executive director and the following executive directors: the General Manager: Human Capital Division, the General Manager: Health, Safety, Environment and Quality and the General Manager: Corporate Affairs.



Engen Management Committee

The management committee consists of the MD/CEO and the various General Managers of the business divisions. It is responsible for the operational activities of the Engen group and monitoring operating and financial performance. It meets at least fourteen times per year, which includes at least four meetings focusing on health, safety and environmental issues, four meetings focusing on human capital issues and the remainder of the meetings covering strategic planning and business operations, with additional meetings held if required. The management committee also acts as the Board of Engen Petroleum Ltd.

The committee assists the CEO in the performance of his duties by, among others:

- *Taking responsibility for the operational activities of the group.*
- *Developing strategy, operational plans, policies, procedures and budgets.*
- *Assessing and controlling risk.*
- *Prioritising and allocating resources.*
- *Monitoring competitive forces in each area of operation.*

Composition

The management committee comprises:



Datuk Ahmad Nizam Salleh
(MD/CEO)



Mr. Adnan Adams
GM: Corporate Planning



Mr. Kamal Bahrin Ahmad
GM: Refinery



Mr. Andrew Bryce
GM: Financial Services



Mr. Hilmi Daud
GM: Supply, Trade and Optimisation



Mr. Lungile Dumse
GM: Human Capital Division



Ms. Fiona Gumede

*GM: Corporate Legal
and Company Secretary*



Mr. Drikus Kotze

*GM: International Business Division
(from 1 November 2012)*



Mr. Joe Mahlo

*GM: Engen Sales and Marketing
(from 1 July 2012)*



Ms. Shirley Moroka-Mosia

*GM: Health Safety Environment
and Quality (from 16 March 2012)*



Ms. Ivershini Reddy

GM: Enterprise Risk and Assurance



Ms. Tasneem Sulaiman-Bray

*GM: Corporate Affairs
(from 1 October 2012)*



Mr. Dave Wright

Special Advisor to the MD/CEO



Mr. Vukile Zondani

*Director: Special Projects
(GM: Engen Sales
and Marketing until 1 May 2012,
Seconded to PETRONAS until
October 2013)*

Managing Sustainability Performance

At Engen we view sustainable development as part of the culture of our business. It is, therefore, integrated into all key decision-making systems within the business. At the executive level, strategic business sustainability issues across all five capitals are discussed in three separate management committee meetings. The outcomes of these discussions are cascaded to all divisional and functional departments throughout the business.

The Corporate Social Investment Committee, which meets once every quarter, focuses on all activities related to communities and civil societies. This committee also acts as a link between CSI and the other capitals such as natural and human capital.

Business-wide sustainability objectives are summarised in our sustainable development roadmap, which is implemented, monitored and reviewed annually.

Key performance indicators are embedded within the performance management system which is cascaded in the balanced scorecard. These are reviewed quarterly and all interventions tracked throughout the year.

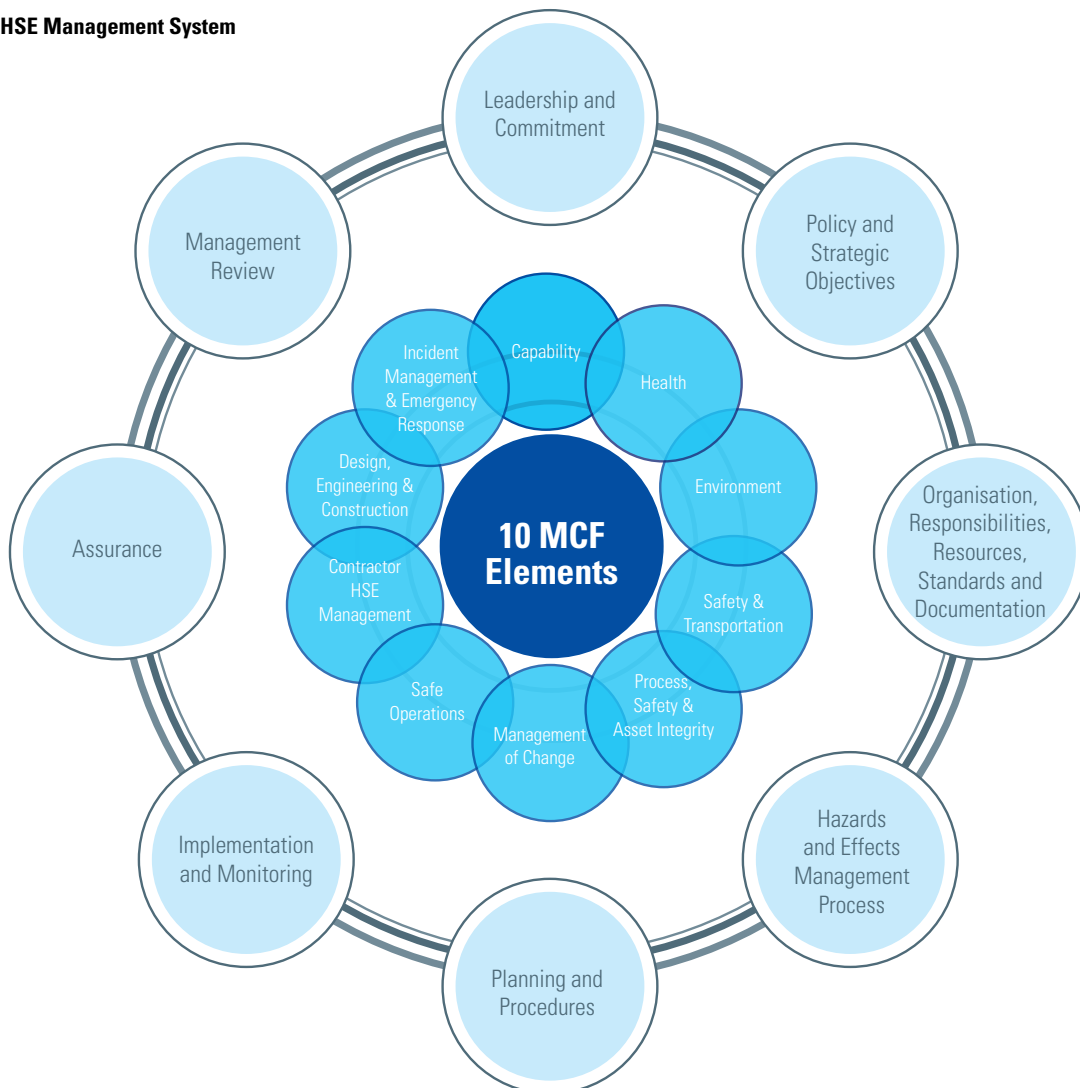
We have well established assurance and audit systems that combine internal and external assurance. In 2012 we started the implementation of the PETRONAS Mandatory Control Framework (MCF), which is a set of internal compliance standards that are aimed at improving the manner in which we manage our Health, Safety, Environmental and Quality systems.

HSEQ incidents are reported and monitored business-wide using our iHSE system. This is an online system that acts as a reporting and tracking tool as well as a repository for HSEQ information.

HSE Management System

Health, safety and environment aspects are managed through the HSE-MS. This system consist of eight key elements (See diagram below) that covers critical aspects of HSE, ranging from capability to auditing and risk management. To re-inforce the implementation of the HSE-MS, the HSE Mandatory Control Framework (MCF) was developed. The HSE MCF focuses on 10 elements, covering significant HSE risks and statutory requirements. It is a tool that allows uniform implementation of the HSEMS across the business with clearly identified responsibilities.

The HSE Management System



Code of Conduct

In 2012, the Engen Board approved a detailed Code of Conduct and Business Ethics (COBE). COBE gives guidance on issues that relate among others to conflicts of interest, bribes, facilitation payments, collusive tendering, corruption, grievance mechanisms, commitment to community, health, safety and environmental protection, quality, employment practices and human rights. The implementation and training in COBE commenced in 2013.

Compliance

Engen is committed to complying with all legal requirements in all aspects of its business operations, including all applicable regulatory requirements in the jurisdictions in which it operates.

Engen operates in a rapidly changing and complex regulatory and legislative landscape. Complying with the legislative requirements of the 18 countries in which the company operates presents a challenge, which is further compounded by language and cultural diversity. We have established a corporate compliance function to support our commitment to compliance and to provide the requisite oversight and counsel on regulatory compliance matters. The Board, its committees and key individuals in the business are regularly updated on the impact of new legislation and amendments to current legislation. In 2012, alleged price fixing in the bitumen industry was settled with the Competition Commission for an administrative fee of R 28.8 million.

The following projects were embarked on to ensure that Engen aligns its business practices to legislative requirements:

- *Face-to-face competition law training and comprehensive online competition law training was rolled out across the business. Further competition law initiatives included a competition law awareness campaign, the development of a competition law policy and a competition law manual.*
- *An anti-bribery and corruption risk assessment was conducted and a compliance programme was launched.*
- *Protection of Personal Information (POPI) Act training was conducted in all applicable business divisions and a high-level risk assessment conducted. A POPI compliance programme has been compiled to ensure that Engen complies with the POPI Act.*

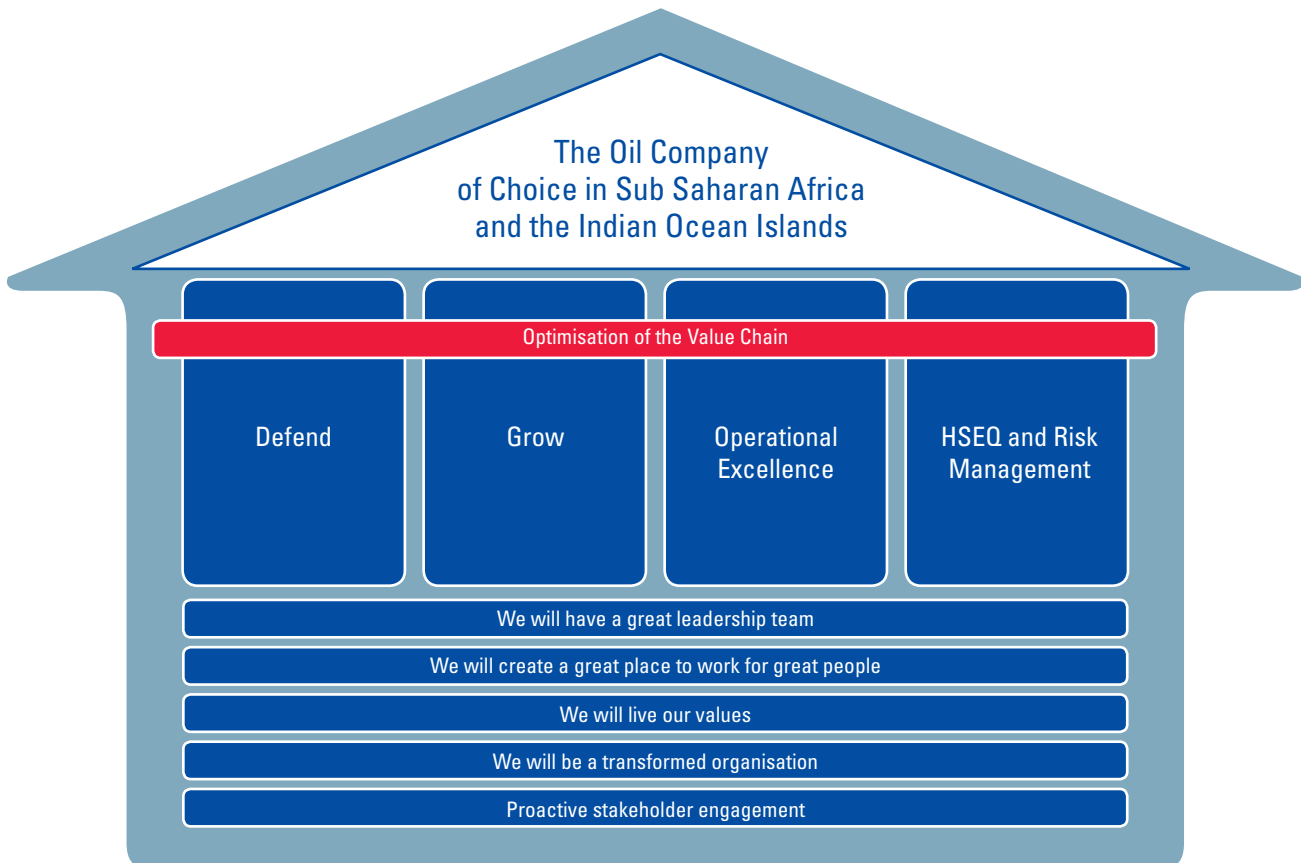
Engen continued on its journey towards environmental compliance in all areas in which we operate. Compliance with the ever-changing regulatory regime, especially in South Africa, remains a key focus area. The year 2012 saw the deployment of an electronic legal register, to monitor our compliance. Our compliance is currently being assessed at all our major facilities in South Africa.



Strategic Focus

In 2006, Engen developed its EPIC 2016 strategy. EPIC was initially an acronym for Energy, People, Innovation and Commitment, but through the course of its ongoing development Engen agreed that the journey itself was an EPIC one, the strategy being impressive, classic, ambitious, inspirational, and driven towards our vision of being “A Champion in Africa”. This vision was reviewed in 2012 to align with changes in the business environment including issues of transformation, sustainability and stakeholder engagement. Our new vision, to be “The Oil Company of Choice in Sub Saharan Africa and the Indian Ocean Islands”, in essence aims to capture the hearts of our stakeholders by providing market-relevant value offerings that make us a compelling choice. This revised strategy explicitly incorporates risk and HSEQ as important pillars towards sustainability. It was adopted in January 2013.

Engen Vision and Strategy framework (“The Engen House”)



While maintaining our leading position in our traditional South African market, we aim to further expand our presence in other African markets. At the same time we strive for operational excellence and effective HSEQ and risk management. This strategy is underpinned by five foundations including a focus on stakeholder engagement and managing our human capital. The strategy also encompasses all the sustainability issues, including the optimisation of the value chain.

2013 EPIC Roll-out

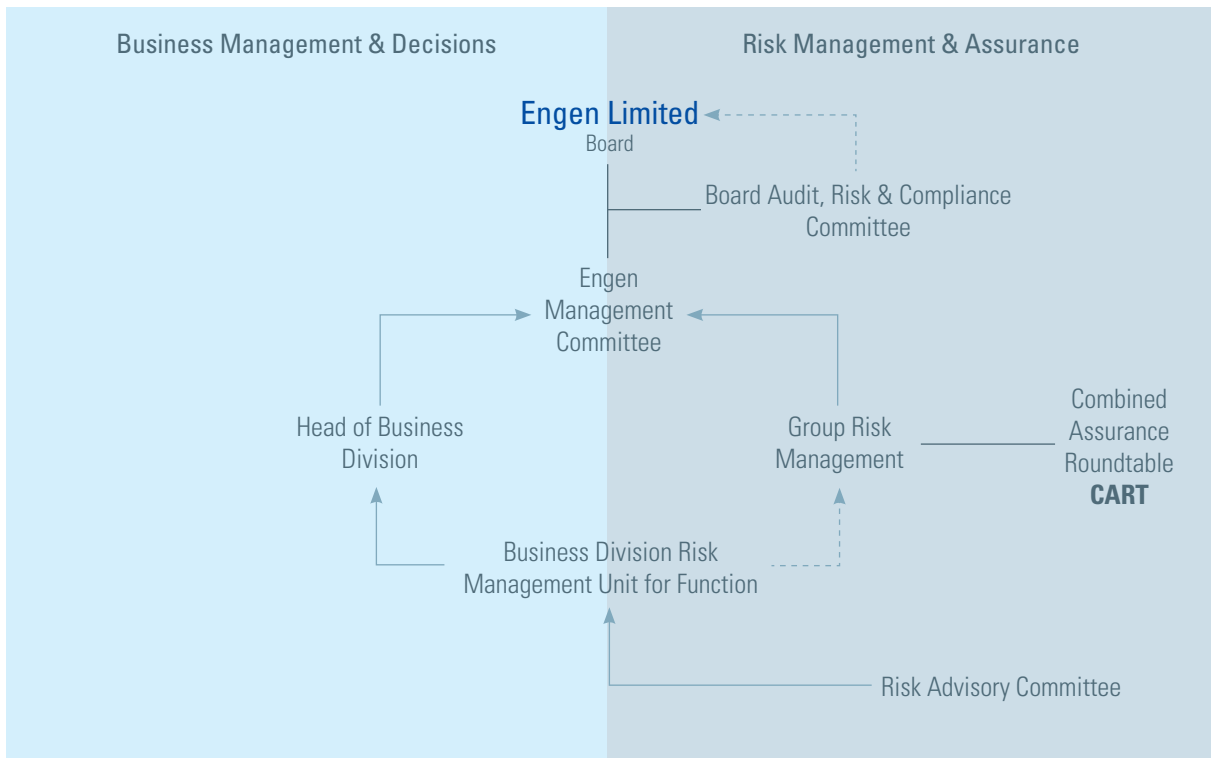
The newly adopted strategy was introduced to staff via a formal EPIC event to relaunch the revised Engen House and Values in 2013. The event portrayed the history of the company with all the major milestones and achievements, reminding our employees of Engen's great heritage. A survey to measure awareness and understanding of EPIC elicited a positive response, and confirmed that Engen employees are committed to the success and vision of the company.

The Oil Company of Choice
in Sub Saharan Africa
and the Indian Ocean Islands

Risk Management

As part of our strategic effort to protect and enhance value to our shareholders, we have developed a strong focus on our risk awareness and responsiveness through implementation of strategic initiatives in alignment with the requirements of King III, the PETRONAS Risk Management Policy and the ISO 31000 Risk Management standard. We have established our own Risk Management Policy and Risk Governance Framework.

The Engen Risk Management Structure



Engen adopts the 'Three Levels of Defence' approach against risks. Ultimate accountability for all risks within Engen lies with the Engen Board, which also sets the risk appetite of the organisation.

The Three Levels of Defence

Corporate Level	Engen Management Committee	Group Risk Management Group HSEQ Other review & compliance unit/committees	HSEQ Assurance Forensics	Internal Audit External Audit	MD/CEO*
	Divisional Management Committee Frontliners	Divisional Risk Management Divisional HSEQ Other review & compliance unit/committees	HSEQ Assurance Forensics	Internal Audit External Audit	Head of Business Division
	1 st line of Defence	2 nd line of Defence	3 rd line of Defence		Accountability



3rd line of Defence report goes to Board Audit Committee

<ul style="list-style-type: none"> Primary responsibility for managing risk Responsible for the identification, assessment and management, and monitoring and reporting of risk arising within respective Business Divisions. 	<p>Establishing a risk management and control system which covers the design, implementation and review of risk framework, methodologies, measurement and system.</p>	<p>Provides independent and objective assurance of the overall adequacy, integrity and effectiveness of risk management and internal control systems within Engen as established and reported</p>
Implement	Review	Audit

* Ultimate accountability rests with the Board. This is delegated to the MD/CEO



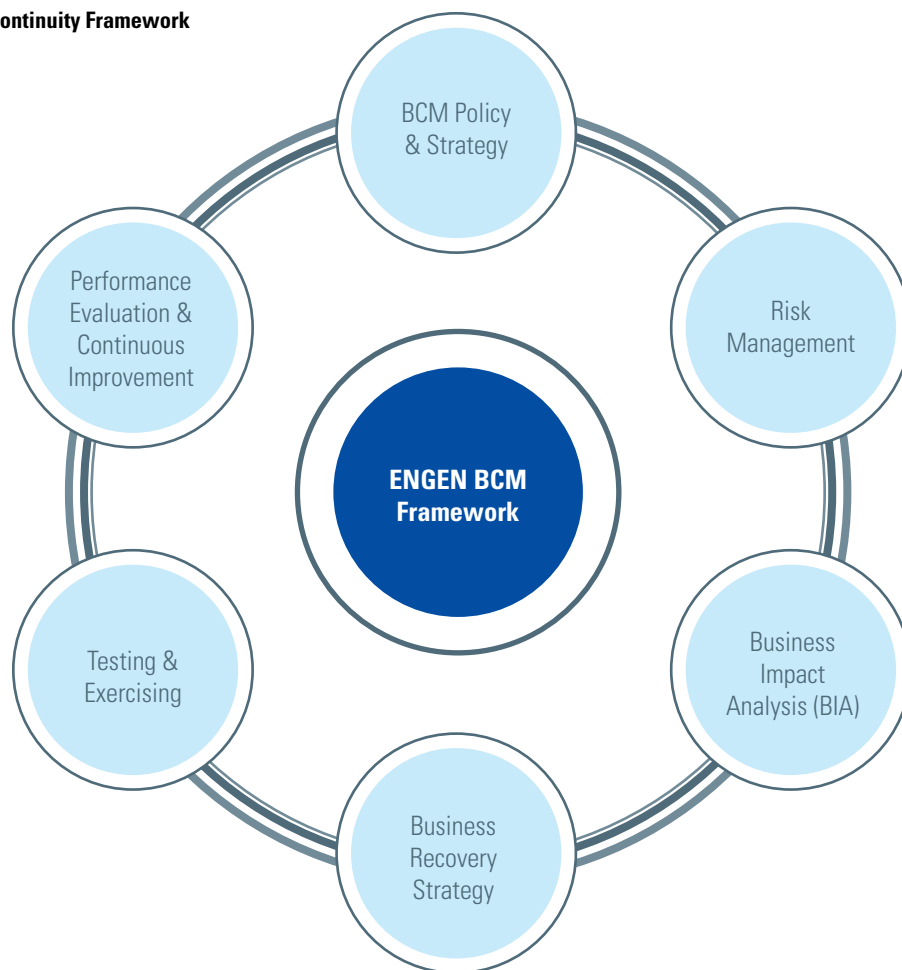
Assurance

Our risk management process involves the participation of multiple stakeholders from the three levels of defence across the business. Recognising this, we set out to review and enhance our integrated assurance initiatives in 2013.

Business Continuity Management (BCM).

Engen recognises that disasters may still occur despite having identified the risks and put mitigation measures in place. As part of the risk management plan, Engen has embarked on the development of remedial measures. To this end we have adopted the PETRONAS Business Continuity Management Policy and Framework to build our business resilience against disasters. Engen's Business Continuity Framework is depicted below:

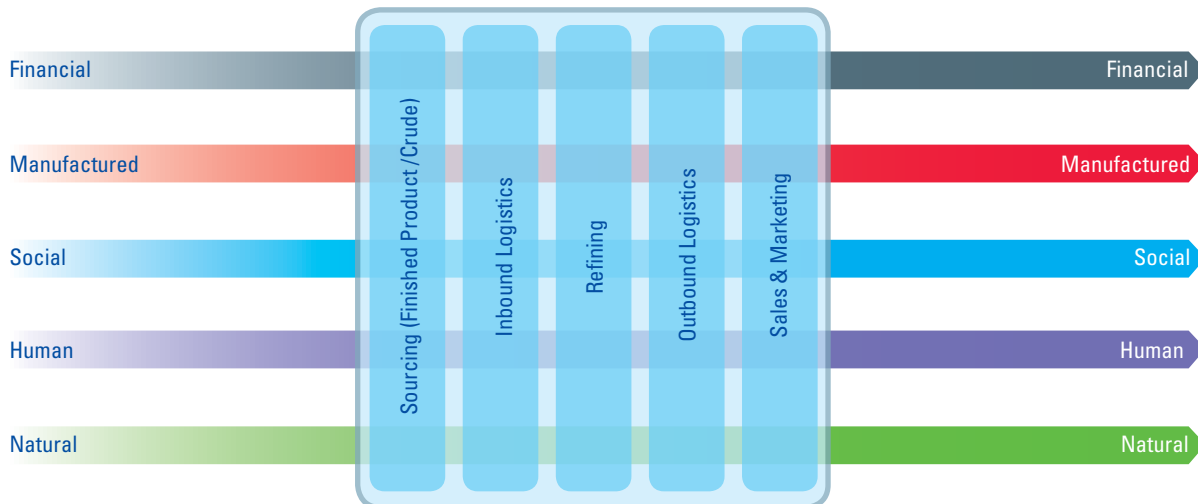
The Business Continuity Framework



A series of BCM training sessions that were successfully completed in 2013 resulted in plans for a supply route and an alternative work site. Looking ahead, we will complete a business impact analysis to identify critical business functions and develop business recovery strategies.

Sustainability in Context

Our view of sustainable development is informed by the importance of creating and protecting value across five sustainability capitals, namely the Social, Human, Manufactured, Natural and Financial Capitals. In our efforts to provide high-quality value-added products and services to our customers, we strive to continually enhance our value creation and address the negative impacts across the five capitals.



The overall stock of our capitals is not fixed over time. There is a constant flow between and within the capitals.

Financial Capital

There are two facets to financial capital. The first relates to the need for a sustainable organisation to be financially profitable. This allows for investments in all the other sustainability capitals. The second relates to the importance of appropriate distribution of wealth by the organisation. This takes into consideration the socio-economic realities of the society in which we operate and can likewise be seen in areas of focus across the other four sustainability capitals.

Manufactured Capital

Our refinery in Durban dates back to 1954. Today it is a modern, highly complex facility employing state of the art technology. To ensure minimal product wastage, protection of our employees and operation excellence, we have made manufactured capital an important aspect of our business.

Human Capital

Skills availability is one of the key challenges to growth in all areas in which we operate. Developing and retaining critical talent is one of our focus areas. We do this internally amongst our employees as well as externally through our corporate social investment initiatives. Conditions of employment, recognition and rewards are other critical focus areas for the business.

Social Capital

Engen proactively engages with government, communities and other stakeholders to enhance individual and collective well-being. We also take serious note of the unique location of our facilities and ensure that we go the extra mile to maximise our value-add and minimise our impact. In our view, brand equity and reputation are also linked to social capital.

Natural Capital

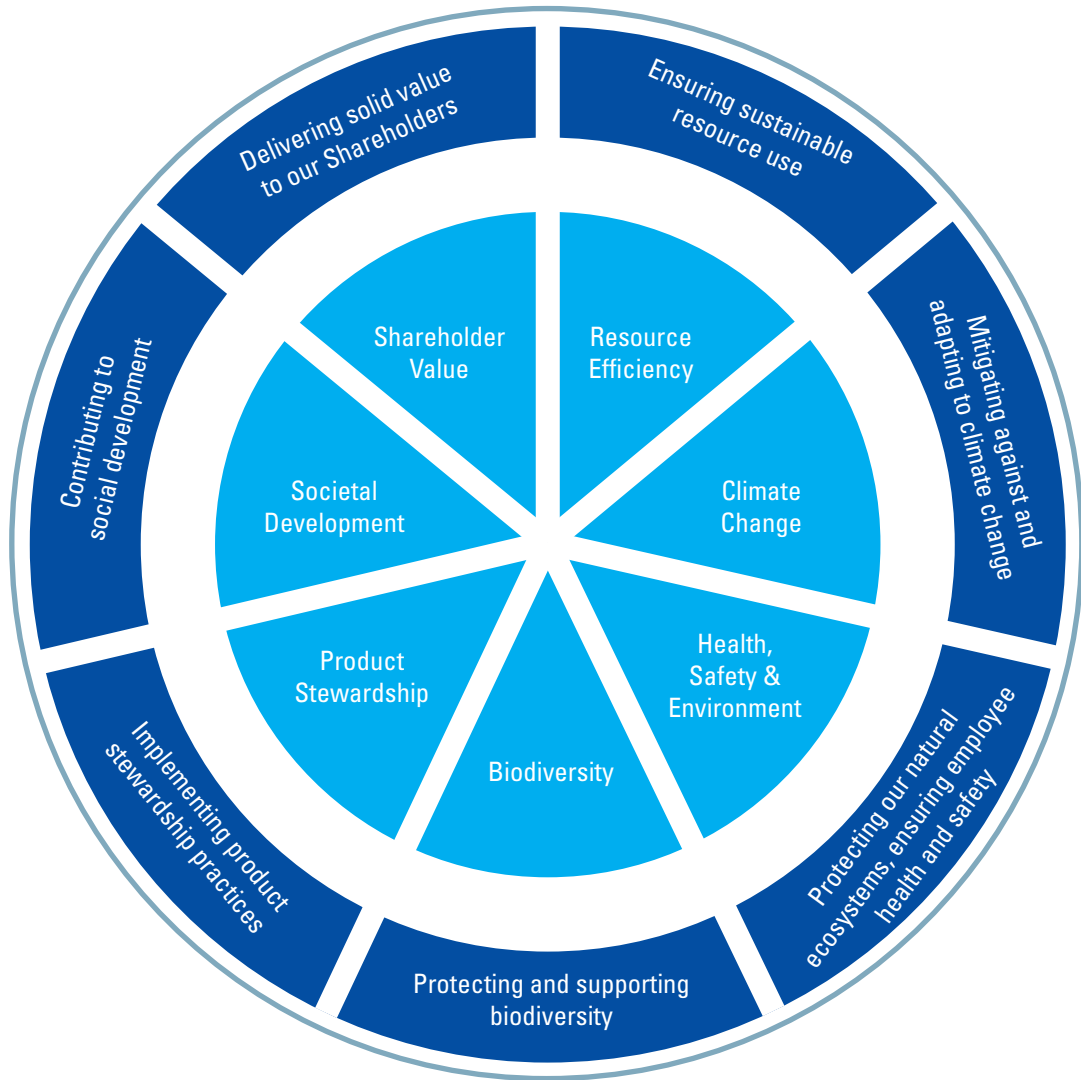
Sub Saharan Africa is a region with a high degree of vulnerability to climate change. This could take the form of severe drought, extreme weather events and vulnerability to disease. We have focused our efforts across the value chain in this regard, with particular emphasis on our distribution network and refining process. Our objective is to achieve sustainable value creation through balancing the social, economic and environmental triple bottom line.

Our efforts are guided by our close association with PETRONAS, and governed by our management structures and systems. We are implementing the PETRONAS Mandatory Control Framework which ensures that high standards in health, safety, environment and quality performance are met in all our operations.

In line with our parent company PETRONAS, our sustainability activities are guided by the following key result areas (KRAs):

- *Delivering sustainable value to our shareholders.*
- *Ensuring sustainable resource use.*
- *Protecting natural ecosystems, ensuring the health and safety of our stakeholders - particularly employees.*
- *Contributing to social development.*
- *Mitigating against and adapting to climate change.*
- *Protecting biodiversity.*
- *Implementing product stewardship practices.*

Engen Sustainability Framework



In this report we provide information on Engen Limited's operations, how governance drives sustainability in our organisation and our performance in the five capital areas.





Financial Capital

Highlights

- Turnover for 2012 up by 14% on an annualised basis and for 2013 up by 8% to R105,8bn
- Net profit for 2013 up by 51% to R2.6bn (2012 up by 1% to R1.7bn from 2011)
- Assets grew by 14% in 2012 and 2013 to R38,3bn by the end of 2013
- Total dividends paid to shareholders of R901m in 2012 and R1,4bn in 2013

Financial Performance Overview

The financial performance overview encompasses a comparative year on year analysis of the 2013, 2012 and 2011 reporting periods.

During the 2011 financial reporting period, the group changed its year end from March to December. As a result, the December 2011 comparative financial period was a 9 month trading period, compared to the 12 month trading period in December 2012.

Analysis of performance, therefore, needs to consider this factor except where annualised information is provided.



Extract from the Statement of Profit and Loss

The key indicators of our financial performance were as follows:

FINANCIAL (R million unless shown)

	2013	2012 (Restated)	% Change	2011* (Restated)	2011 (annualised)
Statement of profit and loss					
Turnover (excl. duties and levies)	105,776	97,778	8%	64,600	86,133
Operating profit	3,947	2,794	41%	2,695	3,593
Net profit for the year	2,584	1,714	51%	1,694	2,259
Extract from the Statement of Financial Position					
Total assets	38,320	33,502	14%	29,374	n/a
Attributable to parent equity holders	17,124	15,071	14%	14,477	n/a
Sales Volumes (in millions of litres)					
Local	7,351	7,228	2%	5,439	7,252
International	2,277	2,119	7%	1,571	2,095

**9-month period*

Financial Ratios

	2013	2012 (Restated)	2011 (Restated)
Turnover (excl. duties and levies)	7.1x	5.6x	6.0x
Operating profit	1.5x	1.6x	1.7x
Net profit for the year	15,6%	11,3%	12,2%
	0,59%	4,76%	5,07%

Increased crude prices and the weakening of the Rand vs the US Dollar resulted in higher fuel prices and thus increased turnover for the 2013 and 2012 financial years.

Crude Cost

	2013	2012 (Restated)	2011 (Restated)
Closing crude cost (\$/Bbl)	112,91	110,75	108,27
Average R/\$ exchange rate	9,67	8,23	7,37

Local sales volumes in the 2012 financial year remained in line with the prior year annualised volumes, despite inland supply constraints at the beginning of 2012 as well as the latter part of the year. The price of petrol and diesel in the South African market increased on average by 11.57% and 8.68% respectively for the 2012 financial year. This had a negative impact on petrol sales volumes as these sales are linked to disposable income.

For the 2013 financial year local sales volumes were marginally up from the prior year despite the increasing price of petrol and diesel (an average increase of 12%) which directly impacted consumer driving habits. In addition to the increasing prices, local volumes were further hampered by the fuel sector strike during September 2013.

During 2012 IBD volumes remained relatively in line with the prior year annualised volumes, this despite the disposal of the Ugandan affiliate during the year. IBD volumes improved during 2013 driven primarily by sales growth in Kenya and Tanzania.

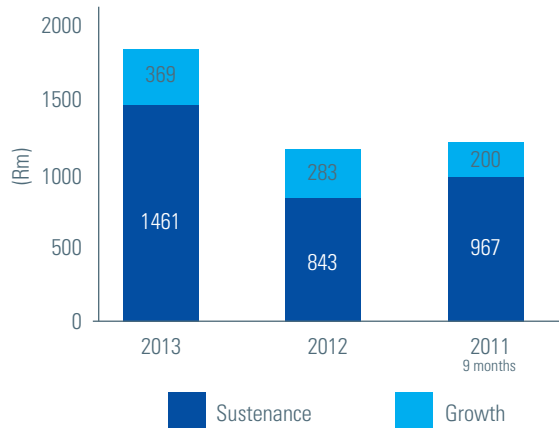
For the 2012 financial year, profits were higher than the previous financial reporting period. However, when annualising the results for the 9 months reported for December 2011, the comparative for 2012 was below by 22%. This was driven by higher cost of sales, mainly due to lower refining margins and lower crude throughput at the Refinery, impacted by the effect of the Iranian Crude sanctions imposed.

For the 2013 financial year, profits were higher than 2012, mainly driven by higher marketing margins in South Africa and in Sub Saharan Africa and the effect of increasing crude and product prices, largely driven by the weakening ZAR/USD exchange rate, resulted in a positive impact on the gross margin reported for the year. Globally, refinery margins continued to be negatively impacted by macro-economic factors, including the excess supply emerging from US refineries.

The Statement of Financial Position is currently largely ungeared and this presents an opportunity for the funding of significant projects over the longer term. The aim is not to exceed a gearing ratio of 20% (debt to equity), defined as the ratio between total equity attributable to parent equity holders and non-current interest bearing debt, over extended periods. This level may change due to volatility in uncontrollable factors such as currency and commodity price fluctuations. Long term funding is earmarked for capital expenditure, whereas the overnight markets are accessed for working capital requirements.

Managing our financial capital effectively enables the employment and development of the other capitals and provides sustainable value to all our stakeholders. Our strategy is therefore to maximise free cash flows. Free cash flow is defined as operating cash flows adjusted by working capital and capital expenditure requirements. Finance cost and taxes are controlled centrally and these also impact on our free cash flow.

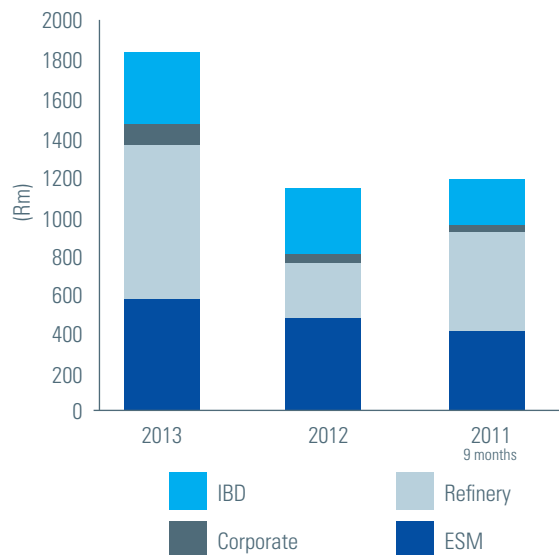
Capital Investment



In support of our growth strategy Engen continues to roll out signature convenience offerings across our network, including fast food and restaurant partnerships, franchise bakeries, franchise coffee, alternate payment partnerships and a range of other innovations. In parallel, Engen has steadily overhauled the networks it acquired in recent years.

In addition, we continue to make significant capital investments across our value chain. Capital expenditure at the Refinery has a clear focus on the environment, maintenance and reliability, infrastructure, buildings, equipment and profit generating interventions.

Capital Spend by Division





Value-added statement

The value added statement measures performance in terms of value added by the Group through collective efforts of management, employees and providers of capital. The statement shows how value added has been distributed to those contributing to its creation.

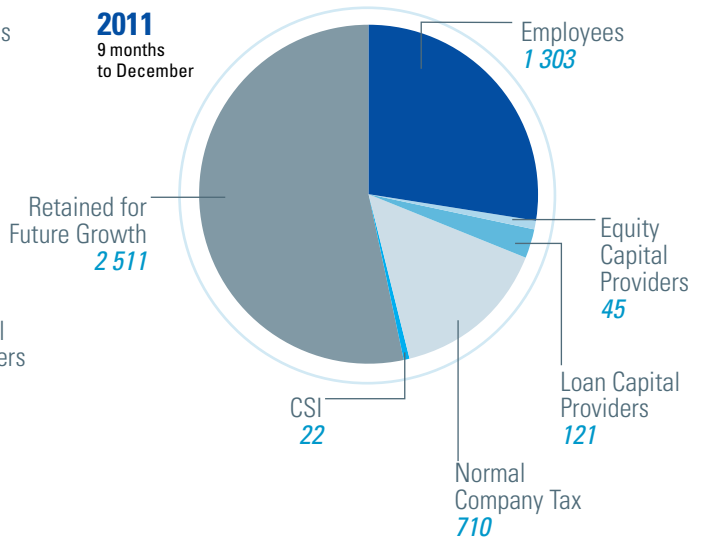
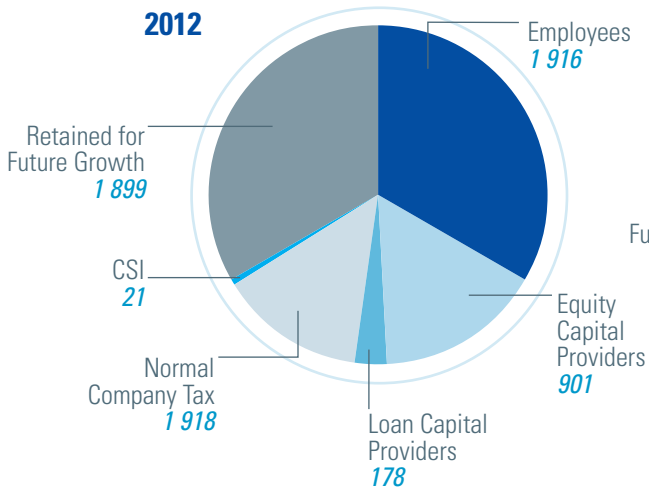
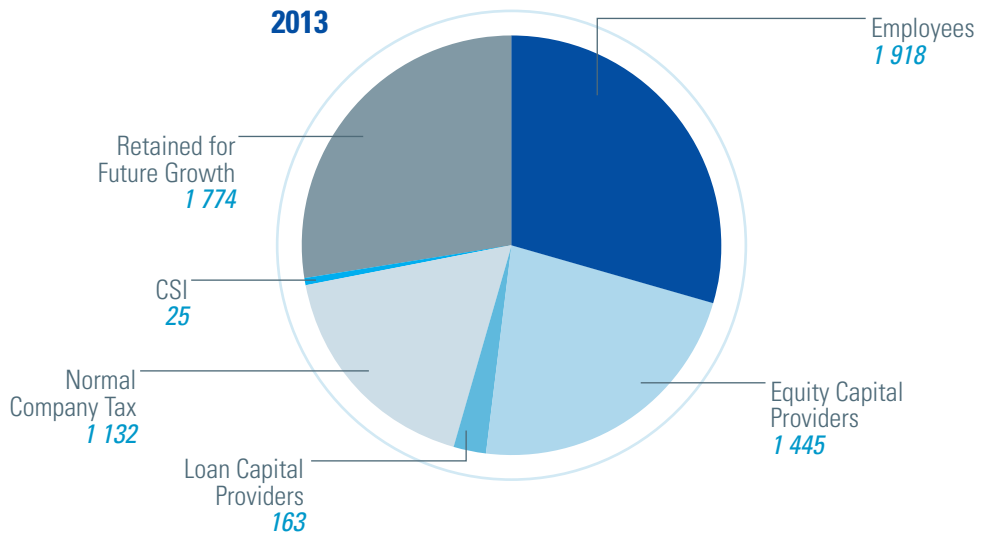
Rm	31 December 2013	31 December 2012 (Restated)**	31 December 2011* (Restated)**
Revenue from continuing operations	105,776	97,778	64,600
Paid to suppliers for materials and services	(99,362)	(92,143)	(59,725)
Value added	6,414	5,635	4,875
Income from investments	43	74	100
Total value created	6,457	5,710	4,975
Value Distribution			
Employees	1,918	1,916	1,303
Equity Capital Providers	1,445	901	45
- Equity holders of the parent	1,403	868	-
- Non-Controlling Interest	42	33	45
Loan Capital Providers	163	178	121
Government	1,132	795	710
- Normal Company Tax	1,132	795	710
CSI	25	21	22
Retained for future growth	1,774	1,899	2,774
- Depreciation and Amortisation	525	837	894
- Retained Profit	1,194	938	1,649
- Deferred Tax	55	125	231
Total value distributed	6,457	5,710	4,975

** Restated on adoption of IAS19:Employee Benefits

*9-month period



Value-added by Financial Year






ENGEN

Engen Dieselube 500 Super

Multifleet Diesel/ Petrol Engine Oil
Viscosity Grade SAE 15W-40
API CG-4/CF-4/SJ, ACEA A3,B2,E2, MB 228.1, VW 501.01/505.00

Batch No. **00G0948** Material No. **8568**

20 L

Health & Environment Care:
Avoid contact with used oil. If in contact, wash skin thoroughly.
Do not dispose of used oil in any way that will harm the environment.
BE ENVIRONMENTALLY RESPONSIBLE.



Manufactured Capital

As part of our strategic commitment towards value chain optimisation and operational excellence, key strategic initiatives have been put in place across our value chain. Through these initiatives, we aim to enhance our use of key infrastructure and equipment in our value creation process.

Engen is dependent on various forms of manufactured capital for our operations. These are owned by Engen, leased or used as part of the national infrastructure. They include, inter alia, inbound shipping vessels, mooring facilities, the Refinery, pipelines, bulk transport vehicles, the road network, rail transport and storage facilities.

The degree to which Engen is able to manage issues related to manufactured capital depends on whether we have:

- *Full control over the facilities and equipment owned and managed by us.*
- *Limited control over equipment or infrastructure owned by our strategic business partners but important to our business.*
- *No control over public facilities or infrastructure needed for our operations.*

The availability and condition of manufactured capital has major implications for effective and efficient operations. Capital expenditure is aimed at maintaining or improving the condition of Engen capital equipment or facilities as well as expanding our infrastructure for further growth.

In-Bound Facilities

The Single Buoy Moor (SBM) that receives the imported crude for our Refinery experienced intermittent down-time during the first half of 2012. Delays with offloading of imported crude resulted in higher demurrage charges and we had to operate at reduced capacity for that period.

Refinery

The Refinery continued its path toward greater efficiency with significant successes for the years under review. The large-scale cleaning work performed on the cooling water and heat exchangers during the previous Turnaround saw good results in 2012 with noted improvement in white oil yield.

The enhanced Equipment Reliability Strategy produced an improvement in overall plant reliability and preventative maintenance compliance. As a result, it reduced equipment failures and the reactive maintenance rate. Overall reliability of units in 2012 was 95.2% vs reliability of 85.8% in 2011. This was reflected in better financial performance for the Refinery in 2012 compared to the annualised 2011 performance. Plant reliability increased during 2013 to 96.5%.

To further improve operational performance in 2013, reformer catalyst regeneration initiatives were launched. A turnaround and statutory inspection were done at the Alky unit. All these developments will contribute to further improve plant reliability and reduce incidences of unplanned shutdowns. An internal Tier 2 Operations and Asset Management audit is scheduled for 2014.

Outbound Logistics

During the period under review there were a number of specific distribution-related issues affecting our operations. Engen is largely dependent on land transport for the distribution of finished products.

- *The industry-wide road freight truck driver strike resulted in lower volumes of diesel and gasoline being sold.*
- *Difficulties experienced in the railway transport system of Namibia resulted in increased use of road transport to meet demand, which increased logistics costs.*
- *Due to the cancellation of a storage agreement with one of our business partners, products had to be transported directly to Botswana by road, resulting in higher costs.*
- *Supply constraints in Beira forced direct purchase of products from local traders in Zimbabwe at higher prices. An interim solution for storage facilities at Beira was negotiated with one of our business partners. A decision was made to construct a storage facility in Beira as a long-term solution.*

Engen participates in industry-wide discussions involving key stakeholders, to optimise the contribution of national infrastructure to our value creation process.

Retail Network

As indicated in our previous report, our main focus in the Southern African market, including South Africa, Lesotho and Swaziland, is the roll-out of service stations, including 1-Plus sites, in previously disadvantaged areas (PDAs). We have so far developed two new sites, upgraded six and rebuilt one in these areas.

In other areas we developed four new sites, resulting in a total of six new retail sites within the reporting period. The Corner Bakery roll-out continued and there are currently 489 (v 463 in 2012) bakeries in total. In 2013, 26 new Corner Bakery franchised outlets were commissioned, 22 Corner Bakery conversions took place, and 7 new Woolworths Foodstops and 10 new Fast Foods outlets were introduced.

IBD (markets excluding Swaziland, Lesotho and South Africa) continued its retail growth strategy in the retail network in selected markets. This resulted in six new retail sites coming into operation and five knock-down-rebuilds in 2012. In 2012 the number of service stations decreased from 448 to 421, mainly due to our divestment from Uganda for commercial reasons and closure of nine sites in Burundi due to non-compliance with internal HSEQ/operational performance requirements.

In 2013 we finalised our divestment from Guinea-Bissau. We also acquired or brought into operation a number of facilities, notably in the DRC, Zambia and Zimbabwe, bringing the number of operational retail sites to 446.

IBD Operational Retail Sites

No. of Operational Retail Sites (IBD)	Dec 2013 YE	Dec 2012 YE	Dec 2011 YE	Mar 2011 YE
Botswana	44	42	40	40
Burundi	21	20	29	28
DRC	63	57	57	53
Gabon	22	22	22	22
Ghana	27	23	26	26
Kenya	9	9	9	10
Malawi	11	11	15	15
Mauritius	31	30	28	28
Mozambique	17	14	13	13
Namibia	57	57	57	56
Reunion	33	33	34	34
Rwanda	19	19	20	20
Tanzania	5	7	7	7
Uganda	0	0	10	10
Zambia	34	35	37	39
Zimbabwe	44	39	39	4
Total	437	421	448	410

Some of the challenges faced by our retail side of the business were:

- *Temporary retail site closures due to HSE non-compliance affected performance in Gabon.*
- *The delay in the targeted roll-out of new retail sites had an impact on projected performance in Botswana, Zimbabwe, Rwanda, DRC, Mauritius, and Reunion.*

In Kenya we have piloted a new sales model for independent retail sites. The IBD convenience business grew by an additional 10 Quickshops and 9 Corner Bakeries. By the end of the reporting period, 17 of the sites acquired in 2011 were rebranded in Zimbabwe.

Another focus area during 2012 was commercial mining contracts, and we had success in the DRC and Gabon.

Engen divested from Guinea-Bissau during the first quarter of 2013.

Human Capital

As part of our revised strategy we have committed to creating a great place to work fit for great people with a great leadership team. To deliver on this commitment we have made human capital a critical part of our sustainability roadmap. Our focus on this vital area encompasses skills development and career path opportunities to improve employment equity in our operations and retain and build the capacity needed to realise our business growth strategy.

Our Total Workforce

	Temporary and Contractors			Permanent			Grand Total		
	2013	2012	2011*	2013	2012	2011*	2013	2012	2011*
Non-SA	37	25	28	573	623	574	610	648	602
SA	481	475	498	2908	2914	2881	3389	3389	3379
Total	518	500	526	3481	3537	3455	3999	4037	3981

*FY2011 Restated

The changes in our workforce numbers were largely related to investments and divestments in our IBD operations.

Employment Equity²

Our five-year EE Plan ending in 2014 was reviewed and approved by the Department of Labour in 2011. The revised plan forms part of our strategic plan to ensure that we remain sustainable. Our employment equity data is reported based on the Department of Labour's financial calendar, which runs from August to July.

As part of South Africa's legacy regarding racial and gender employment imbalances, Engen implements EE programmes aimed at increasing the proportion of employees from historically disadvantaged groups. The Employment Equity Committee oversees our EE activities and ensures that we comply with the Employment Equity Act. Regional EE Committees comprising employer and employee representatives also manage EE across the organisation by participating in EE analysis, planning, reporting and other specific EE programmes.

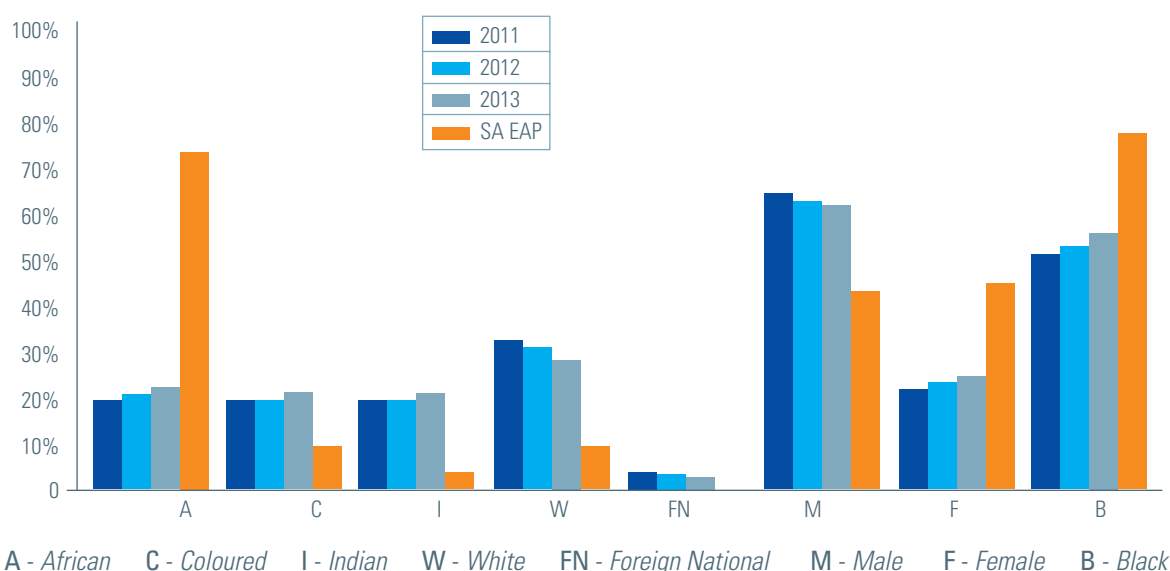
Our EE Committee is combined with our Skills Development Forum (both are required in terms of legislation), to facilitate more integrated and effective management of our employee talent.

Our Disability Framework provides direction for the creation of Engen's policy and guidelines to employ more people with disabilities. By the end of July 2013, employees with disabilities represented 1.5% of our permanent South African workforce, up from 1.6% in 2012 to a total of 47.

In July 2013, our permanent workforce in South Africa comprised a total of 2 931 employees, of which women comprised 28%. South African women managers increased from 24.4% in 2011 to 26.1% in 2013.

Black employee representation within the company increased from 80.3% in 2011 to 82.4% in 2013. At management level this has improved from 62.7% in 2011 to 67.9% in 2013.

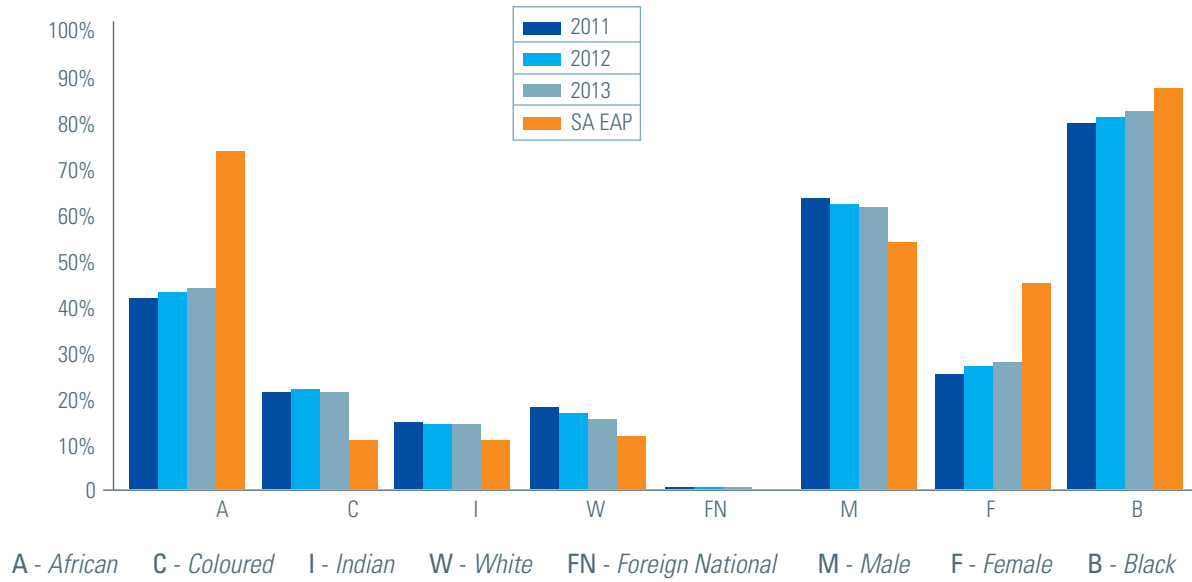
Engen Employment Equity Workforce Profile Trends: Management Race and Gender representation July 2011 to July 2013 compared to SA EAP³



² Only applicable in SA

³ SA-EAP: South African Economically Active Profile

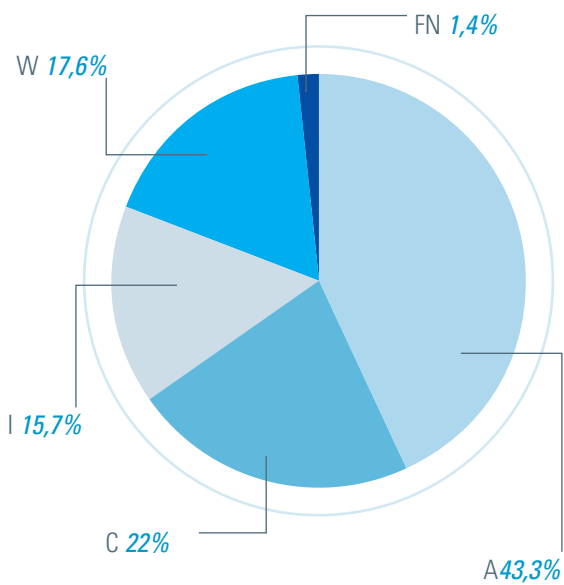
Engen Employment Equity Workforce Profile
 Trends: All permanent employees race and gender representation July 2011 to July 2013 compared to SA EAP³



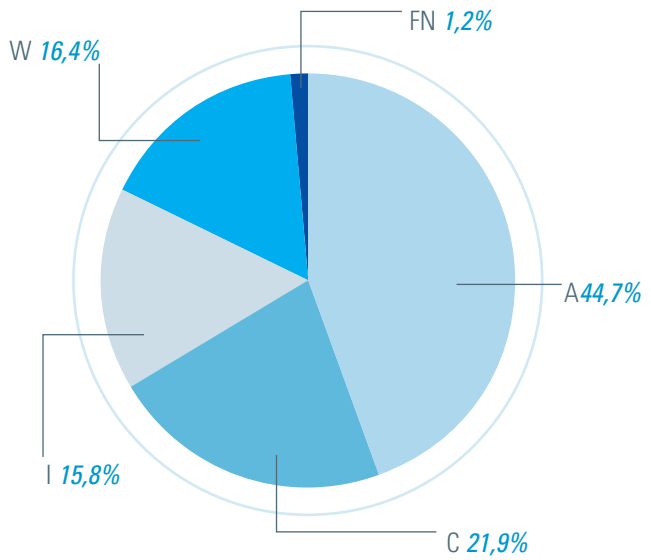
Employee Profile: Management

Note: The diversity ratios are calculated using South African employees against the total permanent workforce (including foreign nationals). Therefore, the diversity ratios do not add up to 100%; the difference is the ratio of foreign nationals to total permanent workforce.

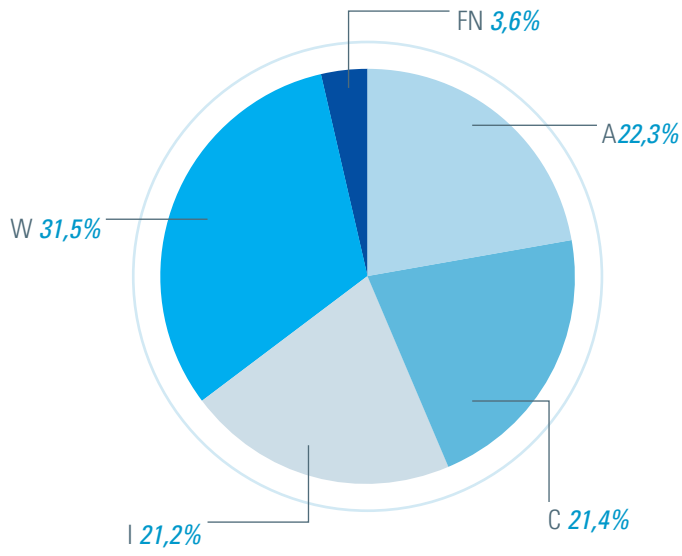
2012 Permanent Employees



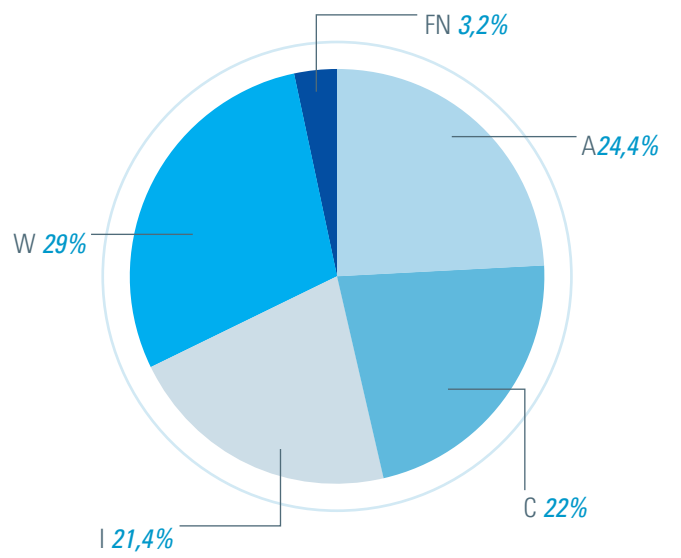
2013 Permanent Employees



2012 Management Employees



2013 Management Employees



Our Employment Equity Performance

Engen's Workforce Profile as at 31 July 2013, as reported to the Department of Labour

Occupational Levels	Male				Female				Foreign Nat		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	2	1	0	3	2	1	1	0	3	0	13
Senior Management	12	13	10	24	6	7	5	6	9	1	93
Professionally Qualified Middle Management	156	141	174	197	75	65	32	70	16	4	930
Skilled Technical Junior Management	272	144	128	76	194	134	42	66	1	2	1059
Semi-skilled	525	106	65	28	65	30	6	11	0	0	836
Total Permanent Employees	967	405	377	328	342	237	86	153	29	7	2931
Temporary Employees	26	17	16	16	18	9		9	2	1	114
TOTAL	993	422	393	344	360	246	86	162	31	8	3045
Permanent Employees with Disabilities	3	5	9	16	1	5	1	3	0	0	43
Core Operational Functions	800	215	273	172	134	44	30	44	13	1	1726
Support Functions	193	207	120	172	226	202	56	118	18	7	1319

Source: Engen Petroleum Limited EEA2 Annual Employment Equity Report as at 31 July 2013, as submitted to Dept. of Labour

Engen's Workforce Profile as at 31 July 2012, as reported to the Department of Labour

Occupational Levels	Male				Female				Foreign Nat		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	2	1	0	3	2	0	1	0	2	0	11
Senior Management	12	13	8	27	9	9	5	7	10	1	101
Professionally Qualified Middle Management	137	130	170	214	62	62	29	66	19	4	893
Skilled Technical Junior Management	267	147	126	83	190	137	43	69	2	2	1066
Semi-skilled	514	105	66	28	58	32	6	12	0	0	821
Total Permanent Employees	932	396	370	355	321	240	84	154	33	7	2892
Temporary Employees	20	15	10	17	11	10	1	7	2	1	94
TOTAL	952	411	380	372	332	250	85	161	35	8	2986
Permanent Employees with Disabilities	4	6	9	17	1	5	1	4	0	0	47
Core Operational Functions	772	215	264	205	119	40	27	46	14	1	1703
Support Functions	180	196	116	167	213	210	58	115	21	7	1283

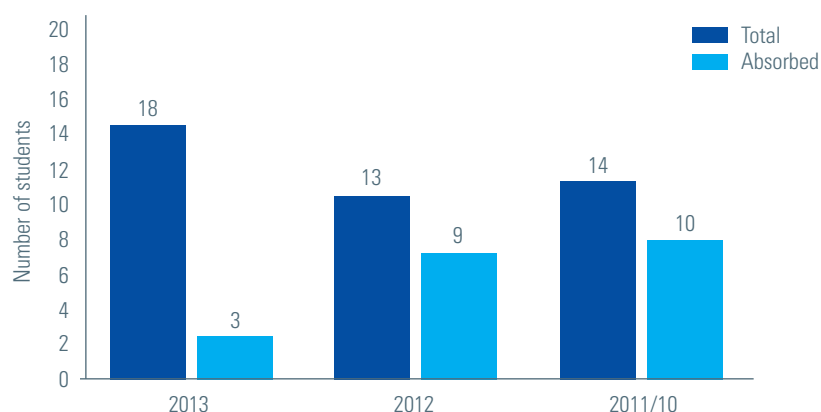
Source: Engen Petroleum Limited EEA2 Annual Employment Equity Report as at 31 July 2012, as submitted to Dept. of Labour

Developing Talent

Our Human Capital Division continued to roll-out the Talent Management Programme (TMP), which is aimed at equipping employees for their current positions and preparing them for potential future positions.

Our Graduate Development Programme continues to develop young individuals with exceptional talent. Over the past three years we have supported students in the fields of accounting, engineering, information technology, human capital development and marketing. A total of 22 sponsored students have been absorbed by the business over the three years. Through an integrated talent development pipeline, eight students from the Engen Maths and Science Schools Programme have been awarded bursaries as part of the Engen Bursary Programme.

Number of students in the graduate development programme



Breakdown of skills development provided in 2011 – 2013 for South African employees

Skills development for:	Year	Male				Female				Total
		A	C	I	W	A	C	I	W	
Total workforce	2013	917	369	384	339	350	212	86	153	2810
	2012	859	299	323	232	281	159	60	108	2351
	2011	858	283	329	272	241	145	67	113	2308
Employees with disabilities	2013	3	4	8	15	3	3	1	3	40
	2012	4	3	5	9	1	4	1	2	29
	2011	0	0	0	0	2	2	1	3	8

2012 saw an increase in the number of employees with disabilities in skills development programmes increase from 8 to 29. We continued our efforts in 2013 and achieved growth of 37% when a further 11 employees joined the company.

The Technical Capability Building programme was started in the middle of 2012, including Technical Professional assessments and Accelerated Capability Development baseline assessments for the critical skill group talent pool. This is a strategic direction that will be bearing fruit in the next 2 to 3 years.

In 2012, the South African Petroleum Industry Association (SAPIA) launched a Women in Leadership Programme. The programme is aimed at developing the skills of women in management positions and exposing them to the necessary skills and experiences to ensure they are competitive in the changing global landscape within the petroleum industry. Three women from Engen participated in the programme during 2012.

Health and Safety

Each of the business divisions has an HSEQ department overseeing the operational issues of their respective businesses.

Managing health issues related to the workplace comprises four main areas of activity:

- *Workplace health risk management, which focuses on occupational illness and injury prevention and management, and ensuring legal compliance.*
- *Employee health support services, which focus on ill health management, control of chronic disease and active rehabilitation.*
- *An Employee Wellbeing Programme, which has two sub-areas of focus:*
 - *A Wellness Programme through which personal health risks are identified by way of voluntary medical screening. Healthy lifestyles and work-life balance are also promoted. Those with medical risk factors or established chronic diseases, are referred for correction or control of these conditions, to prevent them from progressing.*
 - *An Employee Care Programme, through which employees have access to counselling and support services, to assist them through times of personal difficulty.*
- *Managing strategic issues such as incapacity and disability and the burden of chronic disease.*

Occupational health risks relate mainly to chemicals, noise and ergonomics in the workplace. In compliance with the South African Occupational Health and Safety (OHS) Act and related legislation in other African countries, we regularly conduct health risk assessments and exposure surveys.

Health

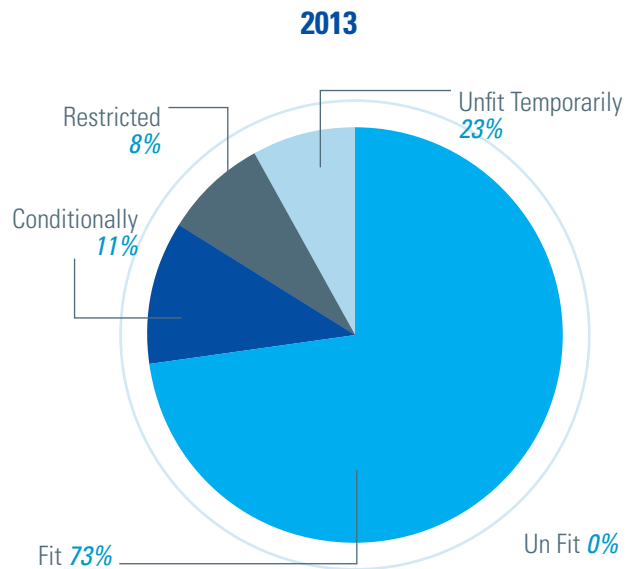
It is mandatory for all Engen employees to have a pre-employment medical examination. Thereafter, many employees are assigned to a programme of compulsory annual medicals - their frequency and contents determined by the risks associated with the work being done. Typically these risks include safety-sensitive work (driving, operating hazardous equipment, working at height or in confined space, international travellers, or work in which there is a potential for exposure to chemicals or noise). Assessment of fatigue is now being included in certain occupations.

In addition to these compulsory medicals, employees are offered wellness medical assessments under the Employee Wellbeing Programme, described later.

Employees with medical problems impacting on their fitness to work are case-managed by the occupational health staff, until they are fit to return to work, or alternative work is found. Those with chronic disease are referred to the Employee Wellbeing Programmes chronic disease risk management plan, where they are followed up by Engen's occupational health staff and are covered by specific provisions of the Engen Medical Benefit Fund.

This close interaction between employees, occupational health staff, line managers, a network of selected service providers, and the Engen Medical Benefit Fund administrators is a significant contributor to Engen's sustainability with regard to employee health.

Fitness to work (FTW) certificates



Integrated Employee Wellbeing

The burden of disease faced by emerging economies represents a significant sustainability challenge for business. The transitional process finds a country with many of the problems of poor economies which are predominantly infectious diseases such as HIV/AIDS, TB, cholera etc., while the established workers and middle class in the emerging economy tend to be afflicted with lifestyle or non-communicable diseases (NCDs) such as high blood pressure, diabetes, heart disease and cancer. This is referred to as the "double burden" of health issues in emerging economies.

The roll-out of two Employee Wellbeing Programmes (EWP), namely the Engen Employee Care Programme and the Engen Wellness Programme, continues throughout the Engen group. These programmes align well with Engen's core philosophy "What matters to you, matters to us", and supports the "Road to Greatness" initiative.

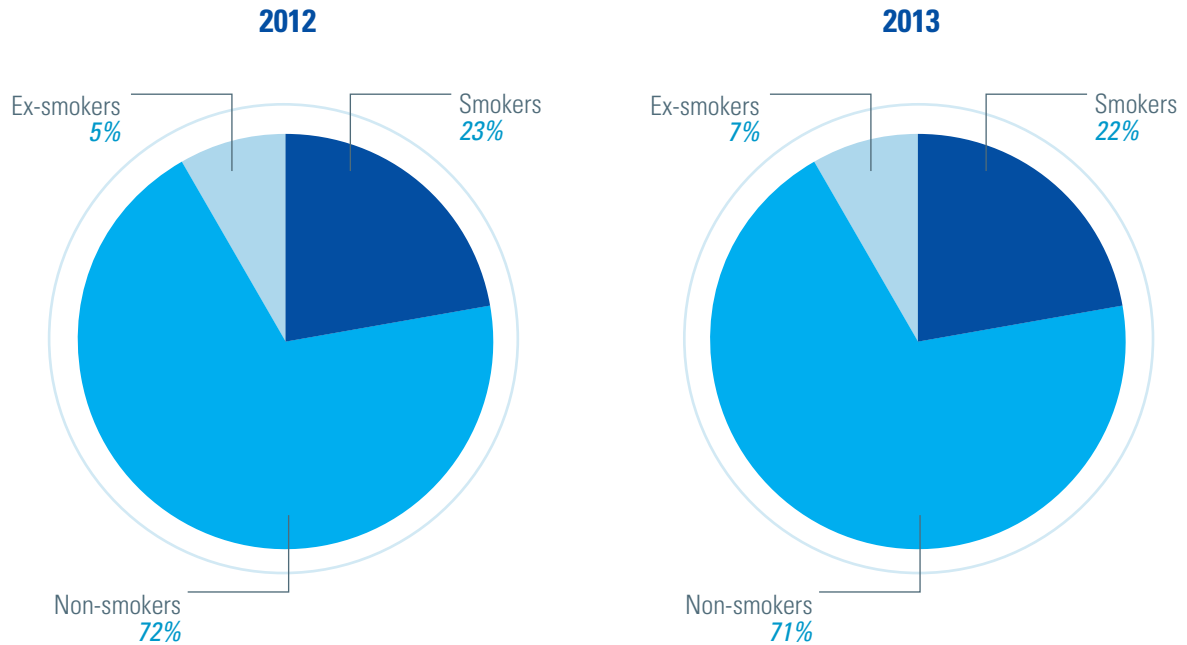
The Employee Care Programme provides counselling assistance to employees with referrals to qualified external professionals when needed. Typical issues handled include bereavement, post-traumatic stress, drug-and-alcohol related problems, financial counselling, retirement planning and debt relief.

The Engen Wellness Programme (EWP), driven by our Wellness Committees, continues to promote and increase health awareness, supported by personal health risk assessments and wellness education provided by the occupational health team.

Fundamental to Engen's EWP is the implementation of interventions at multiple levels, including:

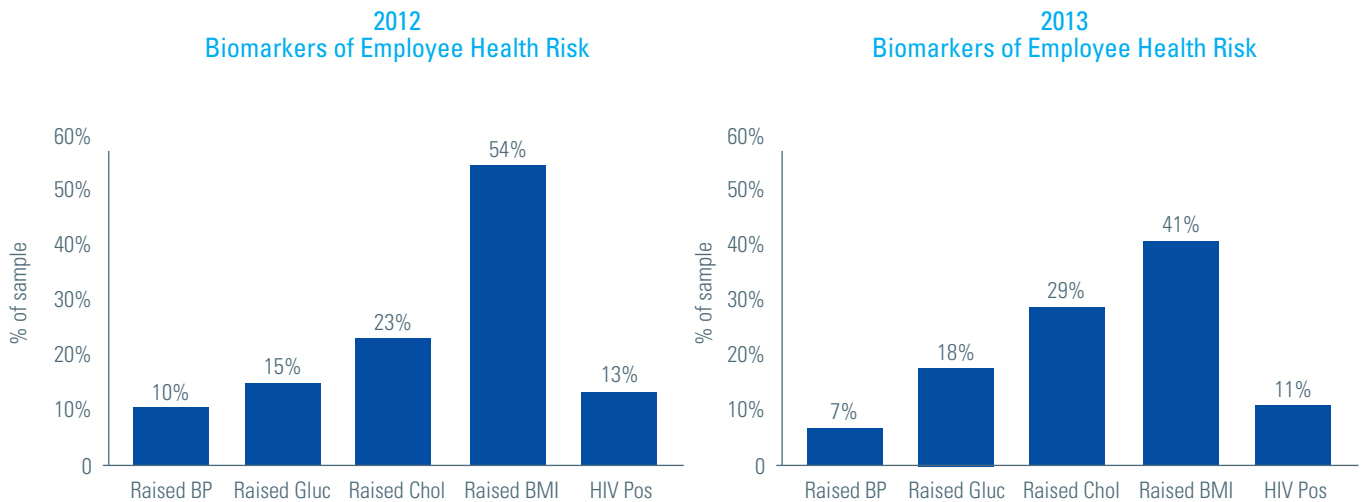
- *Identifying employees with health risk factors and encouraging them to make lifestyle changes.*
- *Monitoring and managing employees with chronic disease through Engen's occupational health staff, supported by Chronic Disease Care Plans as well as a special Disease Risk Management programme available through Engen's Medical Benefit Fund.*
- *Facilitating redeployment and workplace accommodation for employees who have progressed to disability.*

Personal Health Assessments



Approximately 22% of Engen employees surveyed smoke, compared to the HSRC national average of 16% for adult smoking. This is a reminder that smoking cessation remains a relevant focus area for health promotion.

Health risk biomarkers



The risk of diabetes and metabolic syndrome went up slightly, as well as cholesterol levels, whereas the proportion of overweight employees came down. The Employee Wellness Programme will continue to focus on these areas of risk.

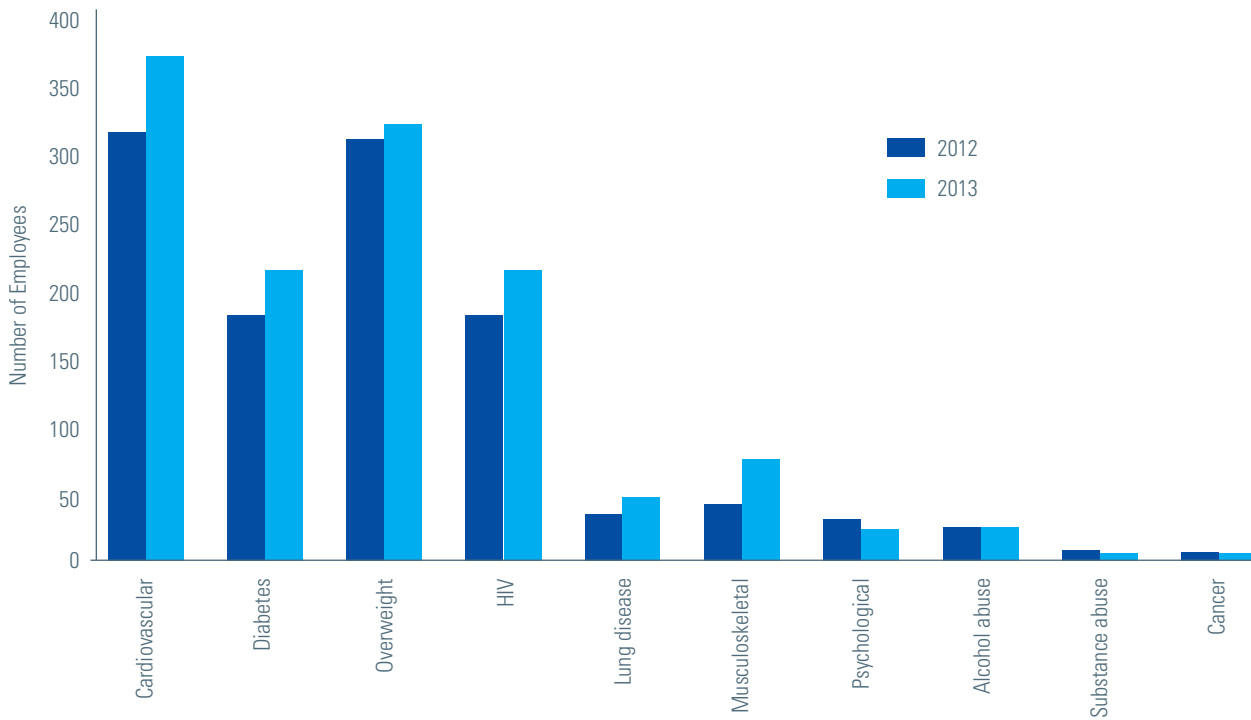
Between 2012 and 2013 there was a slight increase in the number of employees with chronic diseases. The Employee Wellness Programme is still relatively new and its impact will begin to be apparent in years to come. The focus now is on avoiding disease progression through effective control; which is exercised through the chronic Disease Care Plans available through the Engen Medical Benefit Fund.

A number of employees are currently benefiting from our Chronic Care Plans as well as the ARV medication support programme (fully funded through the Engen Medical Benefit Fund). There were 13 new cases of HIV identified in the voluntary testing programme in 2012 and 15 new cases in 2013. Our objective is to have 100% subscription to these programmes by employees who stand to benefit from them.

Personnel enrolled in Chronic Care and ARV plan

Whilst the causes vary over the years, the overall average is similar to the general population in South Africa. This reinforces the need to continue driving the integrated wellness programme, with appropriately designed chronic disease care plans.

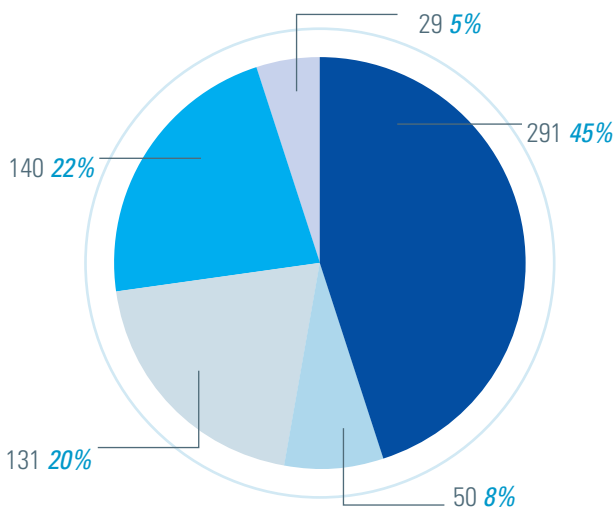
Employees with Chronic Disease



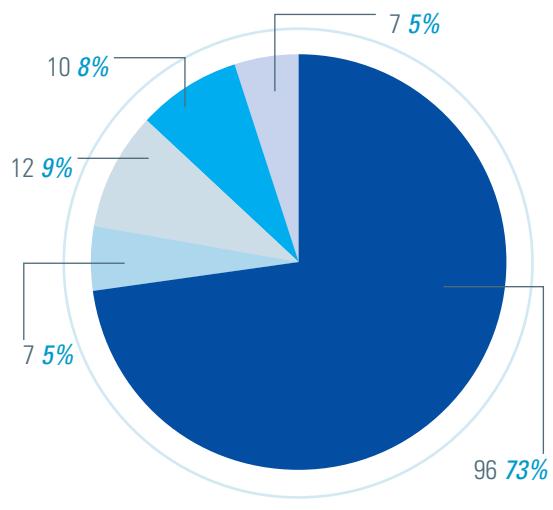
Safety

As part of our sustainability strategy, Engen continuously strives to improve our management of safety risks to prevent accidents. Our Refinery and the transportation of our products represents the highest safety risks. We improve competencies in critical safety areas through training and skills development of staff and contractors. This includes emergency drills and preparedness at all our facilities.

2013: Enrolled in a Chronic Care Plan

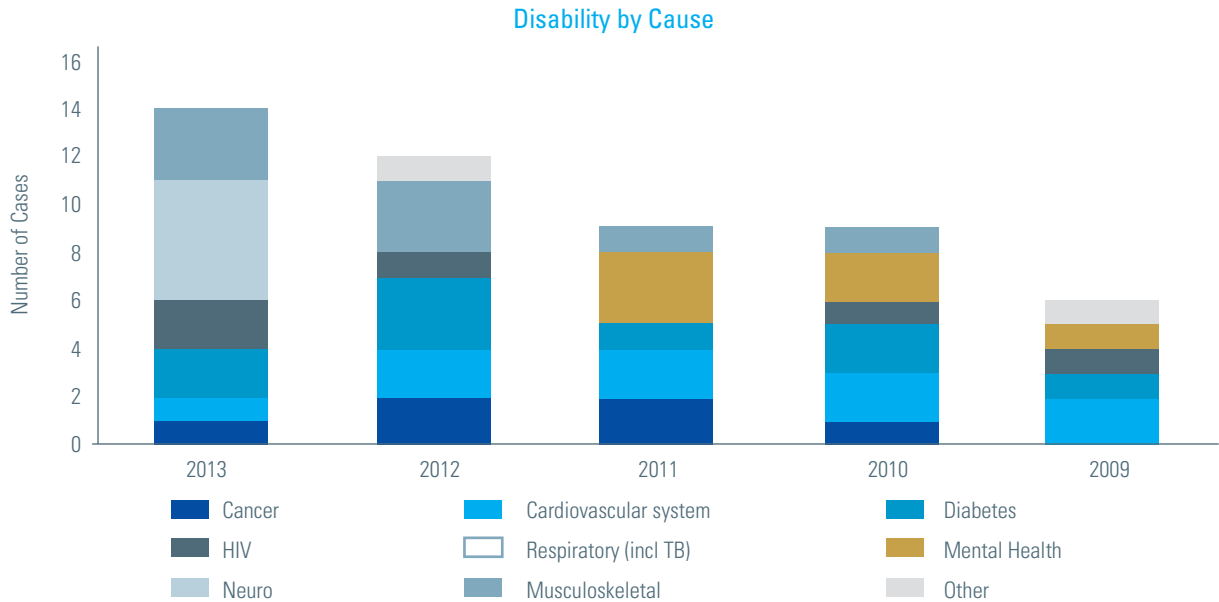


2013: Enrolled in the ARV Programme

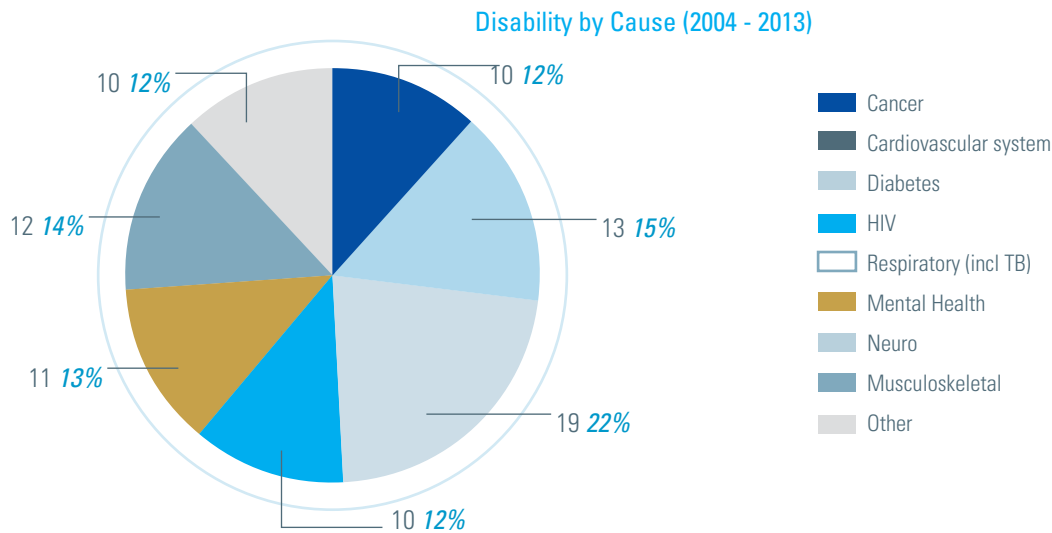


- | | | | | | |
|------------|------------------------|------------------|------------|------------------------|------------------|
| ■ Yes | ■ No, but should be | ■ Not needed yet | ■ Yes | ■ No, but should be | ■ Not needed yet |
| ■ Not sure | ■ On other medical Aid | | ■ Not sure | ■ On other medical Aid | |

Disability cover is available to Engen employees who meet the appropriate criteria. The following graph profiles the conditions that cause disability in Engen.



Our safety risk management strategy focuses on process and behaviour. Process safety risks include fires, spills and loss of containment. To reduce incidents associated with business activities we initiated a DuPont Behaviour Safety Programme in 2011. This programme focuses on reducing spills to the environment, LOPC, LTIF and land transportation incidents. We continue to implement this programme throughout our facilities.



It is supplemented by the STOP programme, which encourages immediate intervention to stop unsafe behaviour by all employees.

ZeTo Rules supplement existing safety requirements and they apply to all employees and contractors conducting work in all areas where the Engen safety policy is enforced. The name "ZeTo" comes from Zero Tolerance for non-compliance with safety requirements for key activities. Compliance with the 10 ZeTo safety rules is non-negotiable.

Within the period under review we reduced our Lost Time Injury

Frequency (LTIF) from 0.25 to 0.18. While the Total Recordable Rate (TRR) decreased significantly from 0.69 to 0.36 during the reporting period, there was a slight increase between 2012 and 2013.

It is with sadness that we report the fatality of a contracting worker at one of our coastal depots in 2013. We have embarked on a number of initiatives to improve contractor safety as well as general safe behaviour across our facilities. These initiatives involve working closely with our contractors to reduce safety-related incidences and enhance the culture of safety in everything we do.

Safety Performance

	2013	2012	2011	2010	2009
Lost Time Injury Frequency (LTIF) (per 200,000 man hours)	0.18	0.24	0.25	0.24	0.40
**Total Recordable Rate (TRR) (per 200,000 man hours)	0.36	0.34	0.69	0.63	0.80
Work-related Fatalities	1	0	0	1	0



Social and Relationship Capital

Engen recognises the critical role played by our stakeholders in our ability to create value and this is reflected by our strategic commitment to proactive stakeholder engagement. As a result, extensive communication systems are in place between our business and key stakeholder groups, which include government, employees, customers, business partners, civil societies as well as communities within which we conduct our business. Understanding stakeholder expectations and requirements is critical to our business growth given that we operate in 18 countries with different socio-economic conditions that present diverse opportunities and challenges. Maintaining good relationships with all our stakeholders is, therefore, of paramount importance.

Stakeholder Engagement

Engen's engagement with its stakeholders aims to build trust and is driven by the five corporate values - Integrity, Performance, Ownership, Empowered and Teamwork. These values guide our behaviour and are consistently applied when engaging stakeholders. Our stakeholder interaction is also guided by best practice principles of inclusivity, materiality and responsiveness.

We believe that our reputation rests on the value we deliver to our customers, employees, and shareholders. It also rests on the manner in which we manage our contributions to and impacts on neighbouring communities and society at large. Our measures of success in stakeholder engagement are:

- *The long-term value we create for our shareholders,*
- *The pride of our employees,*
- *The satisfaction of our customers and suppliers, and*
- *The extent to which local communities judge our activities as beneficial.*

Engen has gone through significant efforts to ensure that lines of communications exist and are properly utilised to address all key issues that drive our relationships.

Due to changes in our strategic objectives, as depicted by the new "Engen House", we embarked on a process in 2012 to align our stakeholder engagement process to these objectives. This involved the development of a comprehensive process to manage stakeholder engagement and to create a dedicated corporate role for stakeholder management.

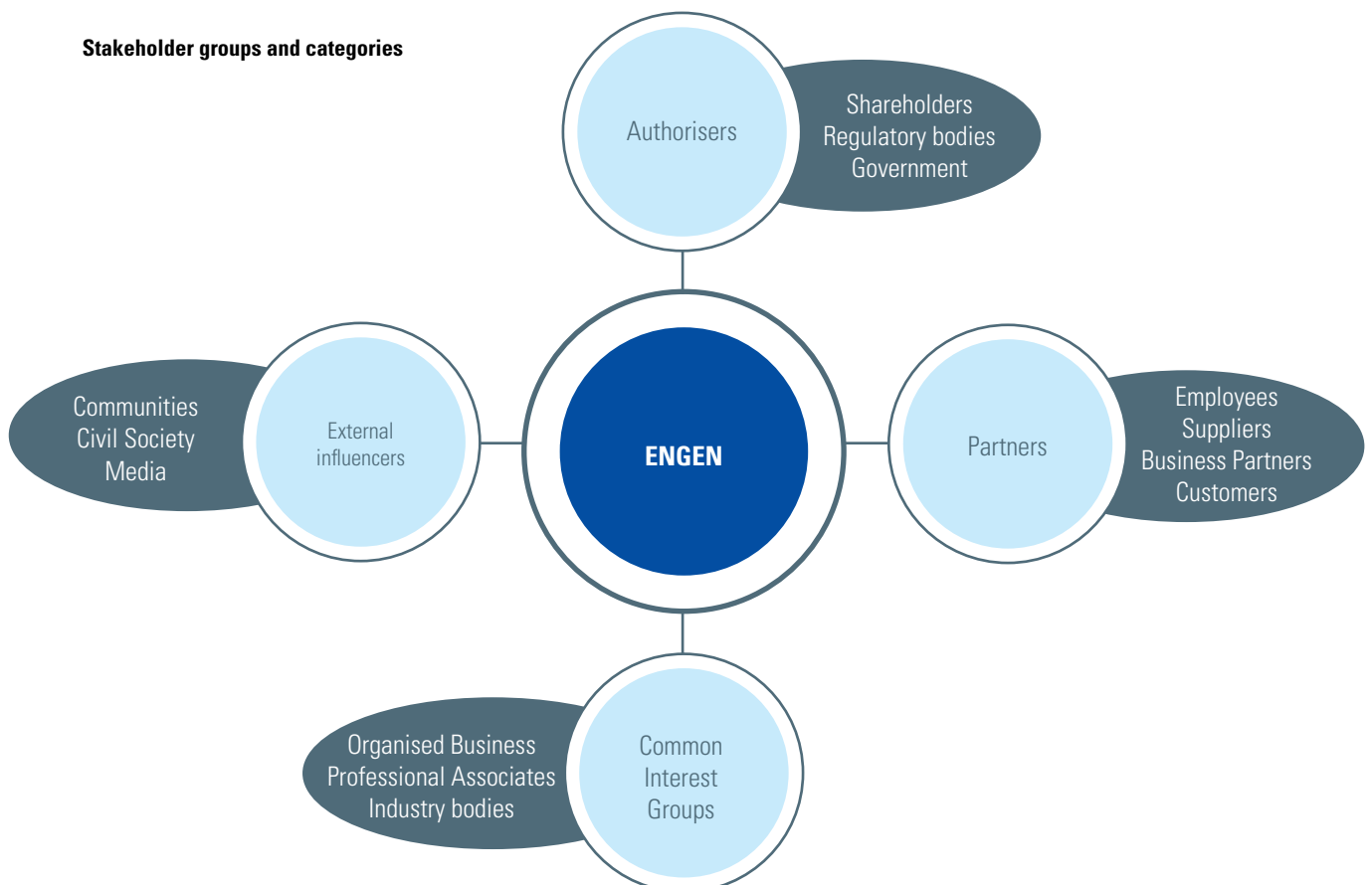
As part of this process, we identified salient stakeholder groups for the business, divided into 4 categories. Stakeholders are identified as parties that contribute significantly to our ability to create value and achieve our key strategic objectives.

The stakeholder engagement process is informed by the business strategy as well as the market forces operating in the environment within which we operate. At Engen, stakeholder engagement occurs at multiple levels and sections across the organisation.

We also understand that, due to a variety of issues and circumstances, engagement cannot be unified into a one-size-fits-all approach. We therefore have stakeholder champions who, by the nature of their roles, represent critical touch points in the organisation.

During the reporting period, a formalised stakeholder engagement process was initiated. As part of this process, stakeholders were classified into four categories consisting of various groups. The material issues were arrived at through workshops with the various stakeholder champions for each group as well as the review of strategic documents produced by stakeholders.

Stakeholder groups and categories



The key (material) issues that emerged as an outcome of these discussions were spread across the stakeholder groups. A process of consolidation which identified all issues that are common across stakeholders and those that talk to the same core issue resulted in the eleven material issues being identified in the table below:

Material Issue	Reason for importance
Proactive stakeholder engagement	From "managing" relationships towards creating sustainable value through relationships.
Sustainable financial performance	Financial sustainability allows us to grow as a business and it also allows us to contribute to the growth of our stakeholders.
Good governance and business ethics	The creation of a culture of responsibility, accountability, integrity and transparency.
Protecting the environment	To ensure that we do not create stakeholder value at an unacceptable cost to natural systems that support life and livelihoods.
Transformation	Supporting the principles of fair and equitable value creation across the social spectrum.
Employee value creation	To create a great place for great people.
Customer/business partner value creation	A customer-focused culture leading to strong partnerships.
Responsible citizenship	Sensitivity to the realities of our larger communities.
Regional business climate	To properly understand and respond to opportunities and risks posed by the environment within which we operate.
Regulatory compliance	Compliance with national regulations provides licence to operate, while compliance with our internal requirements allows us to derive value through our strong relationships with authorities.
Safe and secure work environment for our people	We take seriously the protection of our people against hazards associated with our business environment.

Engaging our stakeholders

	Reason for Engagement	Engagement Channel
Employees	<ul style="list-style-type: none"> To understand the needs of our employees, thus enabling Engen to remain an employer of choice by providing a safe, equitable and motivating working environment. To ensure that employees receive proper direction and communication related to the strategy and activities of the company. To obtain input and buy-in into organisational changes that affect employees. 	<ul style="list-style-type: none"> Bi-annual performance management processes. Employee satisfaction and climate surveys. Regular communication via e-mails, posters, staff magazines and the intranet. Various events, such as annual roadshows during the year, facilitating interaction between staff and management. Dispute resolution and disciplinary mechanisms. An Ethics line to report fraud and unethical behaviour. Employment equity and skills development forums (RSA). Formal consultative/bargaining forums (country-specific).
Shareholders	<ul style="list-style-type: none"> Strategic alignment between Engen and parent company. To provide business information to the shareholders. To attend to reserved matters as per shareholders' agreement. 	<ul style="list-style-type: none"> Quarterly performance review meetings with Pembani. Regular business management and executive committee meetings. Interaction with shareholder on matters referred by the Board. Engen CEO direct reporting channel to EVP (Executive Vice-President).
Government	<ul style="list-style-type: none"> Effective engagement with government stakeholders is critical for Engen's future success and sustainability in order to stay abreast of, contribute to and comply with actual and planned government policies that impact and regulate the industry, in all the countries where we operate. 	<ul style="list-style-type: none"> Engen engages on various levels and tiers (national, provincial and local) with government departments and state-owned enterprises that play a role within the liquid fuels industry. Regular engagement with government stakeholders by our board members, CEO, General Managers, and other designated officials. A number of engagement channels are utilised – regular meetings with government officials and engagements through industry and business associations.
Regulators	<ul style="list-style-type: none"> Effective engagements with regulatory stakeholders in order to ensure compliance and retain our various operating licences are critical for Engen's future sustainability, in all countries where we operate. 	<ul style="list-style-type: none"> Engagement channels include meeting with regulatory bodies and written submissions.
Customers	<ul style="list-style-type: none"> By nurturing good relationships and effectively engaging with our customers, we ensure that our brand and our offerings stay relevant, and that we grow our loyal customer base, thus providing the impetus for continued and sustainable growth and value creation. 	<p>Business-to-Business:</p> <ul style="list-style-type: none"> Regular interaction with our sales force (meetings, telephone, email). Customer site visits and surveys. Web (Internet, extranets). Customer Service Centre/Toll-free number. Conferences and trade shows. Customer-oriented/Trade publications. Engen technical and product related reports, bulletins and brochures. <p>Business-to-Customers:</p> <ul style="list-style-type: none"> Personal interaction at all touch points (e.g. service station). Customer Service Centre (toll-free number, emails, SMS, consumer rights websites e.g. HelloPeter.com). Electronic media (Web, email, SMS).

Business partners	<ul style="list-style-type: none"> • Effective engagement with our business partners is critical – from a contractual and relationship perspective - as they form an integral part of our value chain, and therefore play an important part in the provision of quality products and services to our customers. • Our Retail Dealer network and our joint venture partners contribute to the customers' brand experience, and therefore the longer term sustainability and growth of the business. 	<p>Dealer Network:</p> <ul style="list-style-type: none"> • Regular interaction with our Retail Sales force (site visits, meetings, telephone, email). • Dealer road shows (management) and surveys. • Dealer extranet. • Dealer representative bodies. • Engen publications. • Performance reviews and audits. <p>Strategic Business Partners:</p> <ul style="list-style-type: none"> • Operational interaction and relationship management (meetings, telephone and email). • Service Level Agreement / Contract Management performance reviews.
Suppliers	<ul style="list-style-type: none"> • A mutually beneficial relationship with our suppliers is essential to ensure security of supply of high quality products and services to Engen, and therefore the longer term sustainability and growth of our business. 	<ul style="list-style-type: none"> • Supplier Extranet applications and web-based electronic business processes (for Maintenance service providers only). • Service Level Agreement / Contract Management performance reviews. • Supplier audits. • Correspondence (emails, written).
Media	<ul style="list-style-type: none"> • Relationship between Group Communications and individual media players. 	<p>Timely access to information (by media), e.g: specific topics / events.</p> <ul style="list-style-type: none"> • Engen's corporate responsibility activities. • Transparency and integrity between Engen and media. • Email, telephonic and face-to-face interviews. • Engen website.
Communities (local communities close to our manufacturing facilities in South Durban)	<ul style="list-style-type: none"> • The goodwill and trust of the communities surrounding our manufacturing and storage facilities in the South Durban basin represent our "social license to operate" – without which the sustainability and growth of our business would be compromised. • Engen wants to be recognised by local communities as a vital resource in our country and viewed as a trusted, responsible social partner in addressing identified community needs and concerns. 	<p>Interaction and consultation (through participative meetings, workshops) with Community representatives and organisations:</p> <ul style="list-style-type: none"> • Representative community forums / bodies. • Community representatives (e.g. councillors). • Community Institutions, e.g. schools. • NGO's and other Organisations acting on behalf of the community. • 24 hour Hotline at the Durban Refinery. • Local and regional media. • Engen initiatives (CSI, Enterprise Development).
NGO's	<ul style="list-style-type: none"> • Non-Governmental organisations provide us with a better understanding of community and broader societal needs, and are therefore important mechanisms to give effect to (1) Engen's engagement with the communities surrounding our facilities in the Durban Basin, and (2) to the effectiveness of our Corporate Social Investment initiatives. 	<ul style="list-style-type: none"> • Regular meetings, events and conferences. • Community engagement Forums. • CSI and NGO Forums. • Co-operation (joint initiatives). • Media (Print, TV, radio). • Web (Engen and NGO's).

Corporate Social Investment (CSI)

In 2012, further work was done in streamlining areas of corporate social investment, which resulted in a more focused strategy, with fewer themes within the broader categories being supported. Furthermore, the review resulted in the inclusion of community programme with an element of entrepreneurship. The supported categories remain:

- *Education*
- *Environment*
- *Health and safety*

Unfortunately, this meant that some of our longstanding partnerships came to an end. Those affected were Foodbank SA, the Paraffin Safety Association of Southern Africa (PASASA), and the National Sea Rescue Institute (NSRI). As the leading distributor of paraffin in South Africa, Engen advocates safe and responsible use of paraffin and

all our products. We continue to work directly with communities towards paraffin safety through the 'KlewaKidz' paraffin safety education and awareness campaign, focusing on learners across South Africa.

In 2012 and 2013, Engen invested R20 787 352 and R16 066 250 respectively in direct community initiatives.

Education

Engen Maths and Science Schools

The Engen Maths and Science Schools (EMSS), the long-running supplementary tuition programme for matric learners, again performed very well. The 2012 class achieved a 90.3% pass rate, which was 6.2% down from 2011. However, it was still far higher than the 2012 national pass rate of 73.9%. The 2013 class achieved a 95% national pass rate – bettering the national average of 78% by a significant margin.

We are pleased to announce that a new EMSS opened at Merebank in Durban in 2012, in response to community needs in the Durban South Basin. There are now nine EMSS facilities, four of which are in the area surrounding our Refinery.

Whole School Development Initiative

The Whole School Development Initiative pilots, a joint venture with the Department of Education in KwaZulu-Natal, the Eastern Cape and Limpopo, ended in 2012. The benefits realised by this Initiative include improved governance and management at 28 schools during the three years of the programme. Alongside the capacity building of school management and governing bodies, the initiative also trained 57 maths and science teachers. Furthermore, 340 young learners were direct beneficiaries while 3697 learners benefited indirectly through teacher training.

Artisan Learnership Programme

Each year the Refinery seeks young talented individuals to be part of our Learnership Programme, specialising in, among others, training for instrument mechanics, fitters and electricians, depending on the needs of the Refinery. The Learnership is in line with the Chemical Industries Education and Training Authorities (CHIETA) standards. Completion of this training leads to National Qualifications Framework (NQF) Level 4 certification.

In 2012, a total of 21 learnerships were supported for their level 2 studies. In 2013 the programme expanded to 45 learnerships, some doing their level 3 studies. It takes an average of one year to complete each level, or a total of about three years. Ninety-two learners have completed as fitters, 11 as electricians, 14 as boiler makers, eight as welders and 24 as instrument mechanics.

During this period, Engen has spent about R40 000 per learner on training. Twelve of these learners continued to work at Engen on completion of their learnership.

Computer School

The Engen Community Computer School, based in the area surrounding our Refinery, offers nationally recognised certificate courses (NQF Level 3) to community members. The school currently provides computer skills to approximately 300 students annually. About 700 learners have graduated from it and over 250 students have subsequently gone into employment.

Environment

The EduPlant programme is an environmental initiative that teaches children in schools and communities to grow vegetables using an environmentally sound method called permaculture. Our involvement in this programme is in partnership with the Woolworths Trust.

In 2012, the EduPlant programme reached 2 427 schools and communities with 5 300 people participating. In 2013, the programme reached 4 680 participants through workshops, and 2 238 schools. Community members have seen the benefit of practising permaculture in order to secure food for the future and sustain natural resources and the environment.

In addition to this, Engen continued to support Wildlife and Environment Society of SA (WESSA) through the EcoSchools programme at primary schools in the Durban South Basin.

During Arbour Month in 2012 Engen employees planted 1 650 trees at schools across South Africa. This equates to 608.85 tons of carbon sequestered over the next fifteen years. A total of 2 000 trees were planted at 125 beneficiary sites in 2013.

Health and Safety

Driver Wellness

Now in its fourth year, the Engen Driver Wellness programme is an annual initiative aimed at educating long-distance truck drivers about the importance of maintaining a healthy lifestyle whilst on the road. The programme benefits non-Engen drivers who use our facilities such as Truck Stops and some retail outlets.

The programme raises awareness around health issues that have a direct impact on road safety, by helping drivers to manage their health better. Engen believes that initiatives such as these can have a positive impact on road safety in the long run and encourage a healthy lifestyle change in professional drivers.

Besides screening for conditions like high blood pressure, cholesterol, diabetes, TB, HIV/AIDS and body mass index [BMI], the programme also provides counselling and a referral service where required, and promotes health awareness with talks on HIV and male circumcision.

The Driver Wellness campaign was a great success in 2012, reaching 841 drivers compared to 400 in 2011. This occurred on 'Wellness Days', held at 13 of our service stations and Truck Stops. Those found to be HIV positive were referred to relevant health care facilities.

In 2013, 17 Engen sites were part of this programme. Between March and October, 1 500 drivers and forecourt staff were screened - an increase of 78% over the 841 screened in 2012. In addition to the tests done in previous years, the following were included; blood pressure (1 029 tests conducted), cholesterol (552), HIV (761), and diabetes (1 011). However, we did not test for prostate cancer in 2013.



Paraffin Safety

During 2012, Engen continued with a Paraffin Safety programme in the most affected areas of KwaZulu-Natal while a larger investment went to PASASA as part of our exit strategy.

Engen's KlevaKidz Paraffin Safety Campaign, which replaced PASASA, visited 100 schools in five provinces (20 schools per province) in 2013. The campaign is aimed at young children in areas with high paraffin usage, with the aim of equipping them with skills on the safe use, storage and handling of paraffin. It is in the form of a highly portable, mobile, interactive education theatre production, entirely self-reliant, which unfolds in the space of an hour. Approximately 40 000 learners and their teachers experienced the KlevaKidz Paraffin Safety campaign in 2013.

Engen CSI in Sub-Saharan Africa

Affiliate countries, including Botswana, Namibia, DRC, Mauritius, Ghana, Kenya, Gabon and Zambia, continued community outreach initiatives in the education, health and welfare arenas, with the support from the Corporate Social Investment department.

CSI projects for 2013

Country	Area/Field	Detail
Rwanda	Operation Smile	Cleft lip/palate surgery.
Rwanda	1994 Genocide Commemoration	
Botswana	Sir Seretse Khama Memorial Fund	Providing for those with disabilities.
Botswana	Botswana Bikers Association Charity Toy ride	Collection and delivery of toys for disadvantaged children.
Botswana	Adopt a School initiative	Equipment for learning centre at Mogorosi Primary School.
Tanzania	Fuelling Change in Tanzania	Diesel sponsorship for an initiative whose activities include HIV-Aids counselling, awareness and treatment.
Zambia	Green Corp	Fuel sponsorship of the three-week Greenpop Trees for Zambia campaign which resulted in the planting of 3,358 trees and sowing of thousands of seeds.
Kenya	Kanunga High School	Student support.
Namibia	School classroom construction	Donated funds to build four new classrooms at Ukwiyuushona Primary School and Okatana Primary School in rural northern Namibia. Seven dealers donated 180 school desks and chairs for the new classrooms.
Namibia	Once-off donations to a school and local newspaper	Cause-related marketing.
Ghana	Operation Smile	Sponsoring fuel needs of Operation Smile activities for 2013. Operation Smile Mission is committed to the creation of programmes leading to the self-sustained free treatment of facial pathologies in Ghana through further building of local capacity across Ghana's healthcare sector.
DRC	Operation Smile Mission	Cleft lip/palate surgery.



CSI projects for 2012

Country	Area/Field	Detail
Rwanda	Operation Smile	Cleft lip/palate surgery.
Rwanda	Agaciro	Development of Rwandans.
Botswana	Northside Primary School	Educational trip to National Heritage sites.
Botswana	Kerala Samajan "Lighting up Botswana" initiative	Mokgware villagers receive multi-purpose household illuminating lights.
Botswana	Zoological Garden of Botswana	Medical supplies for the treatment of snake bites.
Botswana	Adopt a School initiative	Create a Library at Kgoro Primary School.
DRC	French school	Rally for children of war in Eastern DRC.
Mauritius	Association Des Amis De Don Bosco	Facilities and services for children in need of special education.
Mauritius	Foyer Pere Laval	Children's home.
Mauritius	Prevention Routiere Avant tout	Prevention of road accident organisation.
Mauritius	Rotary Club of Port Louis	Eradicate poverty, promote learning and development to youth and children.
Mauritius	SOS Children's Village	Eradicate poverty, promote learning and development to youth and children.
Tanzania	Fueling Change in Tanzania	Diesel sponsorship. Activities include HIV counselling, awareness, treatment, etc.
Zambia	Citizens on Patrol	Organisation that operates ambulances and rescue services.
Kenya	Kanunga High School	Student support.
Kenya	Karen Hospital	Assisting children with heart problems to undergo the necessary surgery.
Ghana	100 selected underprivileged people	Donation towards health insurance of 100 underprivileged people's GA West Municipality UNICIPAL.



Engen Employee and Dealer Initiatives

In addition to the Engen CSI commitments, Engen employees and dealers are also involved in community outreach activities. In 2012 a total of 66 dealers invested in their communities - a marked increase from 47 in 2011. Fifty two employees reached out to their communities compared to 21 in 2011.

A bi-annual employee 'Market Day' fundraiser took place on 12 March 2013 outside Engen Court in Cape Town. A total of R152 177.00 was raised. Engen matched the funds with a further amount of R119 647.60, so in total an amount of R271 824.60 was handed over to deserving charitable organisations, including the Community Chest, The Sunflower Fund, Reach for a Dream, TEARS, Amy Biehl Foundation and the Cape Town Science Centre.

Refinery Corporate Social Investment

Like the focus of Engen's corporate CSI, the Engen Refinery's CSI is also focused on Education, Safety and Environment. The aim is to strive to change people's lives for the better, with well-planned solutions that benefit both business and society.

Education

The Engen Maths and Science Schools (EMSS) remain the Refinery's flagship education initiative. The facility has produced outstanding results from pupils attending the EMSS's based at the Mangosuthu University of Technology, Ganges Secondary, and Fairvale Secondary. Ganges Secondary in Merebank was opened in 2012 due to the high demand of learners wanting to attend the programme.

The initiative started 29 years ago and has grown phenomenally. The Fairvale and Ganges EMSS achieved a 100% pass rate whereas Mangosuthu achieved an 83% pass rate. These schools have proved to be some of our most successful CSI programmes in the South Durban Basin (SDB). Some of the EMSS graduates are studying at several leading South African universities. The Engen bursary scheme supports qualifying individuals to further their studies mainly in engineering.

Other education initiatives include a Career Day, which is held annually to ensure that learners in the Engen education programmes are equipped to make informed choices about their future.

For more than a decade we have supported the Wentworth and Merebank Trusts that were established with investment capital of R1 million each. The trust dividends are used to finance education and community needs.

Environmental Awareness and Food Security

A healthy diet provides a vital first line of defence against all disease, particularly HIV and TB, which is why we support community vegetable garden projects. One of these projects supplies Wentworth Hospital with fresh vegetables.

Through our relationship with WESSA (Wildlife and Environment Society of South Africa) we continue to sponsor their Eco Schools Programme in the South Durban Basin area. The programme is an international award-winning scheme which recognises schools that can demonstrate that they have improved the quality of environmental learning and sustainable management in their schools and community.

Engen also regularly provides support for initiatives with environmental links such as International Marine Week and Arbor Week, by partnering with related stakeholders.

In partnership with environmental organisations, Engen has been involved in successful programmes to plant trees at South Durban Basin schools as well as heightening the awareness of learners about the environment.

Safety

Engen Refinery supports a range of projects aimed at addressing real needs that are identified by the SDB community, and providing sustainable solutions to those needs. One of these is safety and security. We have been working hand-in-hand with five neighbouring police stations and their Community Policing Forums (CPFs) to assist the fight against crime in the area. We have committed funds to the five CPFs in the communities and surrounds towards safety and awareness projects, including trauma units, drug and substance abuse education initiatives and youth anti-crime drives.

Following a spate of incidents in the South Durban Basin, Engen partnered with various concerned stakeholders in 2013 to conduct a Rail and Road Safety Awareness road show in the area. This included visits to 20 schools in the Austerville and Merebank community, in partnership with local industry, Metro Rail, eThekweni Municipality's South Durban Basin ABM and the eThekweni Transport Authority.

Community outreach projects

Engen has provided training on 'The Independent Code of Governance for Non Profit Organisations in South Africa' to the community members in the South Durban Basin to empower individuals and NGOs.

The Engen Community Computer School offers nationally recognised certificate courses (NQF Level 3) to community members on how to operate a personal computer system. The school currently provides computer skills to approximately 300 students annually, more than 1 000 learners have graduated from the school and over 300 graduates from the Computer School have subsequently found employment.

A leg of the Engen under 17 Knockout Challenge soccer tournaments is held annually at the Refinery. Engen also annually sponsors a "Coach the Coach" seminar at its sports facility. Both male and female coaches from the South Durban community attend a weekend of coaching by former Bafana Bafana coach, Clive Barker, supported by members of the AmaZulu Soccer Team's coaching establishment. Year-on-year the number of overall attendees has increased tremendously, especially that of female coaches.



Product Stewardship

To ensure the safety and protection of our customers and the environment from potentially undesirable effects associated with chemicals, we employ internationally recognised practical best practice to provide safety, health and environmental information on our products. Our Safety Data Sheets (SDSs) are continually reviewed for applicability and relevance. These SDSs are available wherever our products and services are delivered. Engen conforms to the requirements of SANS 10234, dealing with the classification and labelling of chemicals.

A task team was formed to perform an overall risk assessment on the product quality system and to implement either physical or procedural interventions, with streamlined limits of authority. This effort, together with an increased Refinery drive and focus to reduce product quality complaints, saw good results during the period under review. No refinery-related product quality complaints were received during 2012, compared to 8 complaints in 2011.

Involvement in External Initiatives

Engen is an active member of the South African Petroleum Industry Association (SAPIA) and contributes to the resolution of industry concerns including sustainability, safety, environmental quality, skills development, fuel specifications and service station security.

Engen participates in the Refinery Managers Environmental Forum (RMEF), which comprises petroleum refinery environmental managers, and is held under the auspices of SAPIA on a regular basis. The RMEF meetings are chaired on a rotational basis by one of the refinery managers of the participating petroleum companies. The RMEF's objective is to engage, inter alia, on matters such as the petroleum industry environmental legislation, and to interface with authorities on matters of common interest.

Engen continued to chair the SAPIA Advisory Committee on Climate Change (SACCC). This committee meets on a monthly basis to discuss regulatory and voluntary issues on climate change policy and measures. Engen has also continued to contribute GHG inventory expertise to the University of Cape Town (Energy Research Centre) educational programme as well as the United Nations Framework Convention on Climate Change (UNFCCC) National GHG Review Programme.

Engen is part of a group of companies that voluntarily work together to support the National Business Initiative's (NBI) objectives of promoting sustainable growth and development in South Africa through partnerships, practical programmes and policy engagement.

We participate in NBI forums and we are part of the NBI Energy Efficiency Leadership Network (EELN) which holds meetings on a monthly basis to discuss and share experiences on various energy efficiency initiatives, including liaison with government authorities on energy and climate change policy and processes. The EELN replaced the 2005 Energy Efficiency Accord, an agreement between government and industry for implementation of energy efficiency. The EELN aims to drive the continuous improvement of energy efficiency initiatives across the member companies and thus South Africa. It provides a platform for companies to voluntarily commit to developing a road map/plan for improved energy efficiency in operations; developing internal energy efficiency targets; reporting appropriately on efforts to promote energy efficiency; and working with stakeholders on energy efficiency-related issues. Engen is a member of the EELN Advisory Committee.

Engen has continued to host a number of the South African National Energy Association (SANEA) forums, which cover a wide range of

energy and climate change topics. SANEA offers Engen the opportunity to exchange energy-related information between South Africans and between South Africa and players internationally, via the World Energy Council networks. SANEA stimulates original thought and catalyses transformation of the energy sector. Our interests are represented by Business Unity South Africa (BUSA) on macro-economic and high-level issues that affect South Africa's economic growth, development and transformation. The SAPIA Advanced Certificate in Management for Oil and Gas is part of a broader industry learning and transformation initiative to advance people, particularly women, in the oil business through intensive exposure to different parts of the business.

Engen is a founding member of the African Refiners Association (ARA) which has since grown from 46 members and associated members to no fewer than 400 to date. ARA has 5 Work Groups, namely Specifications, Regulations, Refining and HSE, HR, Storage and Distribution. Through these Work Groups, ARA aims to influence various African Governments and petroleum market regulators throughout the continent. Engen plays a pivotal role in the Specifications and Regulations Work Groups, for example:

- It helps design petroleum product specifications (equivalent of Euro 1 to 6 standards) and approach to the introduction of Biofuels.
- It hosted the inaugural Regulations Work Group workshop in Nairobi, Kenya in 2010. It also hosted Ghana National Petroleum Authorities Board of Directors and Assignees on exchange training during 2012 and 2013.
- During 2013, through this association, Engen Refinery has been able to call upon fellow ARA members for help in sourcing dearth and critical skills (e.g. Panel Control Technicians).

We believe that Engen's external activities in support of national government priorities in respect of socio-economic and environmental development enhance our reputation and support our sustainability commitments.



Natural Capital

Managing our natural capital is one of the focus areas in our commitment to sustainability and forms part of the strategic pillars in our revised strategy. Engen is dedicated to reducing the negative environmental impacts of its operations and to strengthening our positive environmental impacts. We strive to comply with environmental legislation in all countries where we operate. In areas where legislation is not adequately defined, we apply standards we believe to be appropriate.

Engen's basic tenet of eco-efficiency as part of our sustainability strategy is to produce more useful goods by using fewer resources and producing less waste. In context, this means being more energy- and water-efficient during production of our products. We strive to reduce our carbon footprint through various initiatives. We proactively work with governments, other industry role players and civil society on issues relating to natural capital.

Environmental Management

We have a multi-pronged approach to environmental management, which includes our relevant legislation, internal standards and international best practice.

As part of our consistent approach to minimising the impacts of our activities on the environment, six elements of the Mandatory Control Framework (MCF) focus on environmental management.

These elements are:

- Air emission management
- Environmentally hazardous substances
- Environmental impact assessment
- Hazardous waste management
- Soil and groundwater management
- Wastewater management

Our team of experts continuously monitor changes in environmental legislation in order to align our activities with legal requirements. This includes participating at the developmental phase of the legislation as well as sitting in relevant committees.

Water withdrawal (million m ³)	2013 ^{RA}	2012	2011	2010	2009
Refinery	3.27	3.30	3.36	2.91	3.66
Engen Total (excl. IBD)	3.40	3.44	3.50	3.03	3.80
Refinery Borehole water (incl. in Refinery total)	0.44	0.25	-	-	-

In our continuous improvement effort we have subjected some of our sites to international environmental best practice. The Engen Refinery, the Durban Terminal, and Engen Lubricating Oil Blend Plant (LOBP) continued to meet the ISO 14001 environmental management system requirements. During 2012 our Richards Bay Bunkering Services was added to the list of our ISO 14001-certified facilities.

We actively manage the following key environmental issues:

- Water
- Climate change
- Atmospheric emissions
- Energy

- Hazardous and non-hazardous waste
- Loss of Primary Containment (LOPC) incidents (including spills of product)

Water Management

In most countries where we operate, water is recognised as a scarce resource, hence its management is crucial to how we do business. Recognising this, we apply the PETRONAS systems to manage our use and impacts on this commodity. This system has enabled us to develop an understanding of our footprint and minimise impacts.

In our value chain, the refining process is responsible for the bulk of our water requirements. Two adjacent facilities, the Island View facilities and the Durban Terminal, are included as part of the Refinery resource consumption data.

As part of a focused effort to improve data quality, an assurance exercise was conducted in 2012 and 2013. This process included water withdrawal as one of the externally assured non-financial indicators. The assurance process was followed by a tightening of systems and processes to manage water at the refinery. This included the clarification of responsibilities, work processes and data verification and approval. We have started reporting new withdrawal figures, such as borehole data, for 2012 and 2013 and there was also adjustment of existing data to improve reporting accuracy.

Water withdrawals have remained below 2011 levels with variations caused by production-related events such as planned shutdowns.

In a change of reporting boundaries, Engen now reports 100% contribution from entities in which we have operational control. As a result, the reported data for 2012 and 2013 includes 100% contribution by SAFOR as opposed to the data in the previous years.

The Lubricants division reduced water withdrawal significantly in 2013 by decreasing the number of wet fire-fighting exercises.

We continue to focus on water data quality improvement and we will be conducting another external assurance for water withdrawal next year.

Climate Change and Greenhouse Gas Emissions

Climate change poses a number of risks and opportunities to Engen operations inside and outside South Africa. These risks include those associated with government policies or regulatory measures and the impacts of extreme and erratic weather events. These will affect our business through increased cost of doing business, for example carbon taxation, new reporting requirements and increased electricity tariffs.

There are also potential climate change impacts due to flooding, insufficient water supply for operations, severe storms, increased vulnerability to diseases and interruption of the supply chain. Engen is aware that weather-related incidents can lead to significant loss of company assets and revenue. We further recognise potential

opportunities related to climate change, including participation in global carbon trade by way of implementing projects that qualify under the Kyoto Protocol Clean Development Mechanism (CDM). Other climate change spin-off opportunities that Engen continually considers include climate change-motivated subsidies or other favourable rebates.

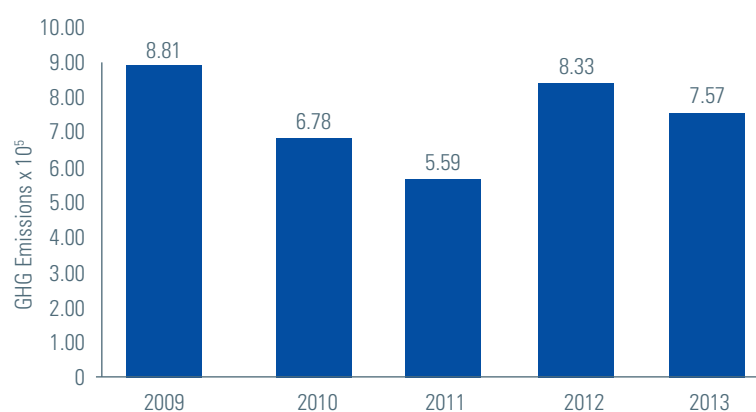
We continue to quantify our carbon footprint using internationally accepted guidelines and principles to allow for reporting that is comparable to other industry players and a streamlined regulated submission of data to government authorities. Engen's direct (Scope 1) and indirect (Scope 2) GHG emissions are provided in the tables below. The total emissions presented include direct emissions from refining operations, base oils and lubricants plants, company vehicles and tanker fleet. Engen does not currently estimate and account for scope 3 greenhouse gas emissions.

As a result of the external assurance, Refinery direct emissions have been recalculated on the basis of plant-specific fuel gas density and calorific values, whereas in the past default Intergovernmental Panel on Climate Change (IPCC) factors were used. The recalculations were also due to a new approach in which we account for 100% SAFOR sustainability parameters, a change from the 47% Engen equity share in SAFOR. The amount of GHG emissions each year is closely associated with the level of refining activity in that particular year.

Engen scope 1 emissions

	2013	2012	2011	2010	2009
GHG Emissions (tons CO ₂ e) (excl. IBD)	756 609	832 930	558 972	677 991	881 552

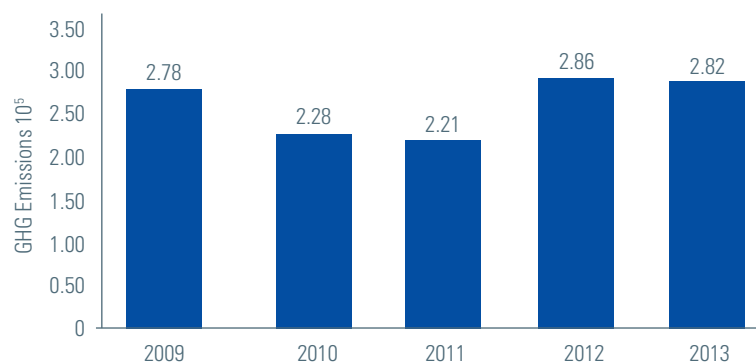
Scope 1 GHG Emissions (Tonnes CO₂e)



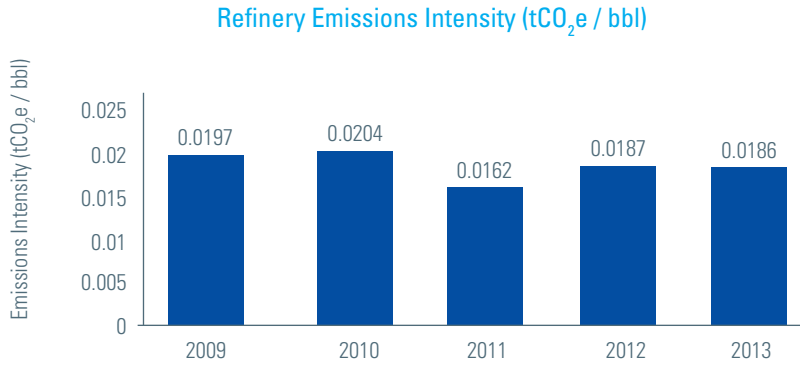
Engen scope 2 GHG emissions (excluding IBD)

	2013 ^{RA}	2012	2011	2010	2009
Tonnes of CO ₂ e	282 442	286 238	221 140	228 757	228 392

Scope 2 GHG Emissions (Tonnes 10⁵ CO₂e)



Refinery GHG emission intensity



Refinery GHG emissions intensity has remained relatively stable over the last five years.

We continue our efforts to minimise our carbon footprint through implementation of the Engen Climate Change Framework, adopted in 2009. Understanding the nature and pattern of our resource consumption enables us to devise appropriate and viable measures aimed at reducing greenhouse gas emissions from our activities. This is done mainly through energy efficiency interventions at the Refinery, which generates over 80% of Engen's total direct GHG emissions, and efficiency improvements of the company fleet. Our Refinery continues to use a comparatively cleaner fuel gas as a major energy source, following our switch from fuel oil to fuel gas in 2002.

In 2011, as part of our decision to invest in a greener bulk transport fleet, we bought two bulk transport vehicles with reduced emissions technology. They met the Euro 4 emission specification and are powered

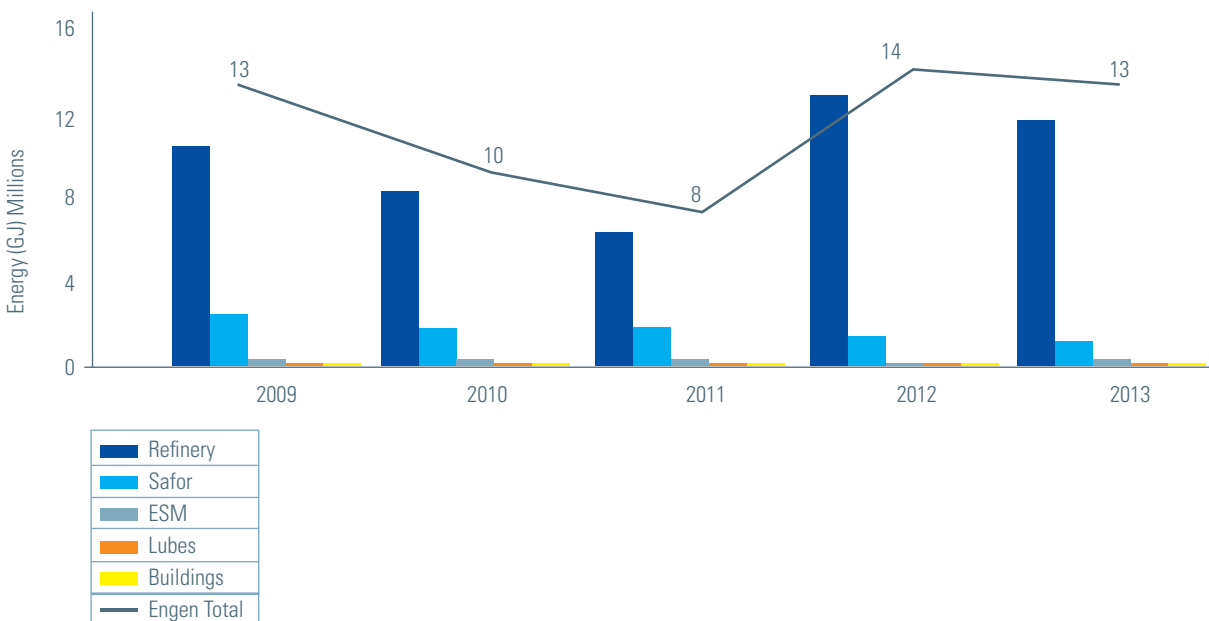
by ADO 50ppm. In 2012 we purchased an additional two vehicles and in 2013 we purchased 9 (nine) Euro 5 standard vehicles as part of the fleet replacement programme. Engen will continue to monitor the performance of these trucks.

Going forward we will seek to develop and implement various programmes aimed at further reducing our greenhouse gas emissions. These will include implementing measures to reduce our consumption of fuel, energy, water, waste and paper; reviewing our policies on business travel; and further promoting staff education campaigns aimed at encouraging behaviour change and efficiencies.

Energy Management

Energy management at Engen is a facet of climate change and resource management in the Engen Sustainability Framework. Engen has continued to be an active participant of the voluntary Energy Efficiency Leadership Network (EELN), which involves a pledge made to the South African Minister of Energy during 2012 that we would strive to mainstream energy management in our decision-making and operations.

Engen energy consumption by division



In 2013 Engen took a decision to establish an internal energy management committee. This committee would advise on means of advancing the goals of sustainable energy management with the objective of reducing operational costs, greenhouse gas emissions and contributing to sustainable development in general. The committee will be launched in the first quarter of 2014.

In 2012 we embarked on a South African retail outlet energy efficiency programme that involved replacement of conventional lighting fixtures with energy-efficient ones, mostly LED type. This resulted in energy cost savings of more than 60% per annum, whereby in 2012 cash savings of 69% were recorded, with indirect carbon mitigation of more than 500 tCO₂. In 2013 the energy cost saving was 68% and indirect carbon emission reduction was more than 1 000 tCO₂.

In 2013 Engen initiated measures to reduce paper and energy consumption in printing of documents at our offices. This was achieved by adopting a system that uses access cards to authorize printing. This

measure was implemented because of the observation that printed documents were often left uncollected. An internal survey conducted before the pull-printing system was implemented indicated that the savings per annum for a sample of 20 staff members would be as follows;

- Energy saved (kWh) - 3 kWh
- Electricity production emissions - 3kg CO₂e
- Paper production emission reduction - 112 kg
- Paper (size A4) - 74 kg (30 reams of paper)
- Electricity production water saved - 4.2 litres
- Electricity production coal saved - 1.59 K

Atmospheric Emissions

Understanding our fugitive volatile organic compounds (VOC) emissions forms an important part of our atmospheric pollution management. Since 2008 Engen has pursued the use of "Smart" Leak Detection and Repair (LDAR) technology at the Refinery, initially as a pilot. LDAR uses infrared technology and allows the scanning of large areas at any one time. Engen Sales and Marketing also purchased a camera during 2012, which marked the expansion of this programme to include Engen depots.

In addition to managing VOCs, we also monitor and manage SO₂ emissions at the Refinery. During the reporting period the SO₂ emissions remained within the limit set in the permit and licence.

Refinery SO₂ emissions

SO ₂ (bubble emissions)	2013	2012
Tons/annum	2 480	2 667

Waste Management

Our waste recycling programme at the Refinery is still continuing as shown by the significant increase in the amount of waste recycled.

Tons	2013	2012	2011	2010	2009
Hazardous waste	10 107	3 519	3 515	4 738	6 018
Non-hazardous waste	10 221	2 734	1 343	1 738	3 219
Total	20 328	6 252	4 857	6 476	9 236
Refinery waste recycled- incl. ballast oil (tons) ⁶	10 077	10 737	6 871	7 212	1 858

Refinery waste management

The increase in total Refinery waste during 2013 was due to the additional waste generated during the Alky turnaround and reformer catalyst regeneration.

A process of consolidating the waste management and tracking system into a single electronic system was initiated in 2011. The objective was to have a business-wide system that facilitates the tracking and management of waste from generation to its final fate - disposal, recycle or re-use. This project continued in 2012 and 2013 with pilot studies implemented at our blending facility in Durban and distribution terminals. Our depot personnel were trained on use of the system and current focus is on further implementation throughout our South African operations.

6. Restated (2011, 2010 and 2009)

Management of Loss of Primary Containment (LOPC)

LOPC refers to an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials such as: steam, hot condensate, nitrogen, compressed CO₂ or compressed air - and, by implication, held within designed secondary confinement in the case of liquid release. The volume which escapes secondary confinement is classed as a "spill", but it does not cease to be an LOPC.

Number and volume of LOPCs

Environmental	CY2013	CY2012	CY2011	CY2010
Number of Major Loss of Primary Containment (>1120 litres)	11	20	25	18
Volume Major LOPCs (kilolitres)	155	124	263	112
Number of Loss of Primary Containment (>160 litres) ⁷	266	62	61	68
Volume LOPCs (kilolitres)	203	141	279	133

Note 1: More inclusive definition of LOPC applied

In 2013 the reporting structure for LOPCs changed to include all LOPCs irrespective of volume spilled, whereas in previous years only LOPCs greater than 160 litres were considered reportable - hence the significant increase in the number of LOPCs reported between 2012 and 2013. This initiative allowed for better incident management, measurement analysis and tracking in alignment to the LOPC prevention project launched in 2012.

The launch of the LOPC project saw renewed invigoration of prevention of loss of primary containment based on 5 pillars namely:

- **Leadership and Awareness:**

In order to ensure success of the programme, leadership commitment was key and included visible leadership, such as regular facility walkabouts by senior managers. This required quarterly facility walkabouts by Engen Executive Management Committee (MC) members, monthly walkabouts by senior and middle management and daily walkabouts by facility managers and supervisors.

As part of awareness, all bulk truck operators and plant operators were trained on the programme and workshops were held with different stakeholders. Pull-up banners signed by divisional management and the Engen MC were created and placed at strategic areas around the depots.

- **Measurement Analysis and Tracking**

Deviations from critical actions identified during observation are logged by supervisors and depot managers. These deviations are tracked through the iHSE system as near misses and are earmarked for follow-up investigations. Afterwards trend analyses are done and appropriate mitigation measures developed.

- **Behavioural Improvements**

In order to combat deliberate unsafe behaviour, a red card system was introduced. Through this system, deliberate deviation from human critical action would result in a caution in the form of a yellow card. A second deliberate deviation would result in a red card and a formal disciplinary process being instituted. A reward system was also put in place to recognise those facilities that showed a considerable decrease in major LOPC incidents.

- **Operations and Maintenance**

Before any task is carried out, a risk assessment has to be conducted. Checklists, critical actions and critical equipment were updated to facilitate this process. Also, clear allocation of responsibilities was done to ensure that equipment maintenance and risk mitigation are done in line with the plan. An electronic system is used to manage this and management walkabouts are to ensure that it is happening.

- **Technology Improvements**

Continual implementation of the Process Safety Management system covered all the aspect of technology Improvements

The LOPC management programme is one of our preventative management tools to protect groundwater and soil from pollution due to spillage. We are proactively managing sites with known contamination in accordance with proposed national regulations.

Environmental Compliance

During the financial year 2012, we saw the deployment of an electronic legal register (e-register) and compliance tool, as a pilot at 4 production sites in South Africa. These sites were assessed in terms of all the major environmental regulatory requirements and the business process of compliance reporting to senior management through this tool has commenced.

The year 2013 saw a continuance of the two environmental compliance thrusts for Engen, namely general compliance and the soil and groundwater programme. Once again in South Africa changing legal regimes for waste and air especially, with various sets of new regulations, had to be catered for. Furthermore a full environmental assessment of all Engen's operations was completed by external consultants at the end of 2013 and recommendations made from this will be incorporated into 2014 plans.

The electronic legal register was further expanded with training for relevant staff to enable further roll-out as well as the incorporation of environmental authorisations into the programme. To compensate for the e-register not being rolled out outside of South Africa, an intensive schedule of auditing of environmental legal registers were undertaken in countries outside of South Africa.

The Transnet National Ports Authority (TNPA) conducted audits against the TNPA licences, which incorporates extensive HSEQ requirements, at the seven Durban Island View facilities, and no significant issues were raised. Furthermore four Engen facilities, namely Engen Refinery and Durban Terminal, SAFOR, LOBP and Richards Bay Joint Bunkering Services (a joint venture between several oil companies with Engen as the plant operator) retained their ISO 14001 certifications.

Independent External Assurance

Reasonable external assurance for selected non-financial key performance indicators was performed by KPMG for the 2013 performance year.

⁷ Reported until 2012, from 2013 all LOPC incidents and volumes are reported including those below 160 L

Transformation

Engen's transformation agenda is influenced by business, ethical and legislative imperatives. Fair access to opportunity is the driving force behind our transformation efforts. We are also keenly aware that this is a journey that will require time and patience. In countries where we operate we do so within the context of applicable procurement and employment regulations related to equity, indigenisation and co-ownership.

In South Africa, Engen recognises the transformation imperative of benefiting previously disadvantaged groups and local communities. Our transformation programme is governed by the Broad-Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003) and other relevant legislation, as well as the Liquid Fuels Charter and the Mining Charter. Engen's Black Economic Empowerment Policy states that "We will promote and develop an enabling environment in which Engen will deliver on its transformation strategy". This policy informs our relationships with dealers, suppliers, business partners and the wider community.

B-BBEE indicators

Indicators	Weighting	2013	2012	2011	Indicator*
Ownership	20	12.97	10.33	7.61	↑
Management Control	10	9.12	9.37	8.02	↑
Employment Equity	15	10.94	12.08	12.04	↓
Skills Development	15	8.68	8.25	10.47	↓
Preferential Procurement	20	14.8	18.03	16.47	↓
Enterprise Development	15	14.53	10.18	15	↓
Socio-economic Development	5	5	5	5	—
Total	100	76.04	73.24	74.61	↑
B-BBEE Level		3	4	4	

* Arrows compare 2013 to 2011 performance

Effective and meaningful transformation requires a focused cultural shift, and Engen's strategy forms part of an integrated business plan. Transformation objectives have been incorporated in the Engen Balanced Scorecard and they are now expressed and cascaded down throughout the business. This leads to more effective planning and execution of each B-BBEE element by the organisation.

Transformation is taking place at retail site ownership level, where continued efforts to change the demographic outlook are yielding results.

Our B-BBEE Performance

In the reporting period, we have improved our B-BBEE Level status from a Level 4 to a Level 3 B-BBEE Contributor, achieving a score of 76.04% from a previous 73.24%. This has been achieved through focus on the transformation of our organisation and an improved implementation model. The review of the business strategic objectives, as expressed in the revised Engen strategy, has yielded improvements for our transformation. Procurement of crude and products from B-BBEE partners exceeded plan targets. The indicators in the table below show the general three-year trend.

Ownership

Engen's performance in the Ownership element has seen our score on the B-BBEE scorecard improve from 7.61 points in 2011 to 12.97 points

in 2013 (10.33 points in 2012). The improvement in the score for this element is mainly attributed to an amendment of the structure of the Engen Limited Board.

Management Control

There has been an increase in the participation of black people and women at management level that has resulted in an improved score since our last report. The score for this element increased from 8.02 in 2011 to 9.37 in 2012, with a slight decrease in 2013.

Employment Equity

The employment of people from designated groups in junior and senior management positions has continued to show improvements while we continue to face challenges with regard to the representation of people with disabilities.

The disability awareness campaign implemented by Engen's Human Capital Development division, together with the commitment to employing people with disabilities by the different divisions, shows the business is serious about diversity of its workforce.

Despite our comprehensive employment equity policies, we have seen this element decline to 10.94 points in 2013, from 12.08 points in 2012. Our talent management processes are being used to stabilise employment equity performance.

Skills Development

Our Skills Development score on the B-BBEE scorecard has decreased from 10.47 points in 2011 to 8.68 points. One of the reasons for the decrease is that some of the training attended is not recognised under the B-BBEE codes. This includes training received from PETRONAS. An area of improvement is skills development expenditure on people with disabilities, which has achieved the least points within the Skills Development element. This is a high-priority item within our employment equity element.

Preferential Procurement

Our Preferential Procurement score on the B-BBEE scorecard has dropped from 16.47 points in 2011 to 14.80 points in 2013. While Engen procures 87% of its services from B-BBEE compliant suppliers, our performance on procurement from small enterprises and black women-owned

enterprises still requires improvement. Plans are in place to review each division's supplier database with the view to identifying opportunities for small and black women-owned enterprises.

We leverage our information systems to source and develop qualifying black and black women-owned suppliers for procurement opportunities in order to improve Engen's Preferential Procurement (PP) and Enterprise Development (ED) scores. We continue with preferential payment terms for qualifying suppliers.

Our procurement criteria have been updated to include, among others:

- Preference for black and black women-owned suppliers
- Companies with a minimum B-BBEE Level 4

In 2012, PETRONAS Trading Corporation (PETCO) and Engen concluded a crude procurement deal with a 100% black women-owned supplier. In 2012, Engen procured approximately 24% of its crude and refined product from black suppliers. In 2013 a total of 27% of our crude oil was procured from black suppliers.

By the end of the reporting period, seven black-owned suppliers of finished product were registered on the vendor database. Engen now procures 27% finished product from these suppliers.

Enterprise Development

Enterprise Development has the potential to address the weakness in preferential procurement relating to small and medium enterprises. This entails the creation and support of emerging enterprises that may end up as our suppliers. In the period under review, we have embarked on the following key initiatives on Enterprise Development:

Engen Incubator

Based in Durban, the Engen Incubator currently has 39 small businesses that are undergoing intensive support, aimed at seeing them develop into viable and sustainable business enterprises. The programme incubates businesses at different levels of growth and accommodates their varying training needs. Ten of these businesses completed the programme in 2013. The average turnover for these businesses improved by 30% and most businesses continued to maintain staff contingents.

Engen Pitch and Polish

The Engen Pitch and Polish is a 5 year-old initiative that was borne out of a realisation that sometimes, good business ideas may fail to attract funding when they have not been pitched appropriately. It is aimed at assisting in the development and improvement of the pitch for great ideas so that they can receive the required funding to give them a chance of success. Engen became a gold sponsor of the initiative in 2012, and in 2013 we became the title sponsor of the programme. In the two years under review, this initiative has created national exposure to more than 50 budding entrepreneurs who participated in the finalist stages. These 50 entrepreneurs emerged from a much larger pool of aspiring entrepreneurs from across the country. The three finalists for 2013 included a construction company owned by a black youth, a courier service servicing the elderly people who receive chronic medication from government hospitals, and a computer refurbishing business that has subsequently expanded to Johannesburg.

Wildlands Greenpreneurs Waste Management Projects

Engen invested R4.5 million in an enterprise development partnership with Wildlands Greenpreneurs (Pty) Ltd, with numerous spin-offs for the environmental and recycling-focused organisation and local entrepreneurs.

Wildlands Greenpreneurs collects waste from a network of Wastepreneurs, businesses, schools and charitable organisations. This material is taken to depots where it is sorted and organised into bales for sale to recyclers. Through this programme, Wildlands was able to recycle over 4 million kg of waste that would have otherwise been landfilled.

Through our sponsorship in 2013, this initiative has managed to avoid the emission of 3 975 tCO₂e that would have otherwise been emitted as part of waste decomposition.

Socio-Economic Development

In the current and previous reporting period, Engen has consistently achieved 5 out of 5 points in this element.

Notable programmes include:

- The Engen Maths and Science Schools programme providing supplementary maths and science tuition to more than 2 300 high school learners from under-resourced schools. The extra maths and science programme is in recognition of the challenges faced by these schools in producing the required results in the above mentioned subjects.
- The Food for Life programme is involved in teaching school children environmental awareness and poverty alleviation through food gardens. The programme reaches more than 4 500 schools nationally.



New B-BBEE Codes of Good Practice

In October 2013 the amended B-BBEE Codes of Good Practice were gazetted, introducing changes across the B-BBEE elements that will come into effect in 2015.

Comparison of the new and current B-BBEE codes

2007 B-BBEE codes		2013 B-BBEE codes	
B-BBEE elements	Weighting	B-BBEE elements	Weighting
Ownership	20 points	Ownership	25 points
Management Control	10 points	Management Control	15 points
Employment Equity	15 points		
Skills Development	15 points	Skills Development	20 points
Preferential Procurement	20 points	Enterprise and Supplier Development	40 points
Enterprise Development	15 points		
Socio Economic Development	5 points	Socio Economic Development	5 points

The changes include clustering of some of the elements and readjustment of element weightings. Some of the notable changes include:

- An increase in points contribution for ownership from 20 to 25 points.
- An increase in points contribution for skills development from 5 to 20 points.
- Clustering of preferential procurement and enterprise development into a new element, Enterprise and Supplier Development. The new element has 40 points, a material increase in weighting for this element.

Another new introduction brought by the new codes is the discounting of the overall scorecard level if the measured entity fails to achieve subminimum targets in any one of the specified elements.

In anticipation of the significant impact that these codes will have on our B-BBEE score and level, we have started to prepare for their implementation.



Appendices

GRI Content Index

This report has been compiled in accordance with the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting version 3.1. This index guides the reader to the page(s) where information relating to GRI parameters and performance indicators can be found.

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Independent Assurance Report on Selected Sustainability Information to the Directors of Engen Petroleum Limited

We have undertaken a reasonable assurance engagement on selected environmental information as described below and presented in the Engen Limited Integrated Annual Report 2012 – 2013 (the Report) of Engen Petroleum Limited (Engen) for the years ended 31 December 2012 and 2013. This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with extensive experience in environmental reporting. We were engaged to provide reasonable assurance on selected key performance indicators for the year ended 31 December 2013 only.

Subject matter

We are required to provide reasonable assurance on the following key performance indicators prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines, marked with a RA, and presented on page (6) of the Report.

	Indicator	Engen Operations	Unit of measure
1.1	Engen Scope 1 Direct GHG Emissions	Excluding IBD countries*	10 ³ tonnes CO ₂ equivalent
1.2	Engen Scope 2 Indirect GHG Emissions	Excluding IBD countries*	10 ³ tonnes CO ₂ equivalent
1.3	Energy usage	Excluding IBD countries*	GJ
1.4	Refinery energy usage	Engen Refinery	GJ
1.5	Refinery Scope 1 Direct GHG Emissions	Engen Refinery	10 ³ tonnes CO ₂ equivalent
1.6	Water withdrawn	Excluding IBD countries*	m ³
1.7	Refinery water withdrawn	Engen Refinery	m ³

* IBD countries refers to Engen's downstream marketing operations in Africa other than South Africa, Lesotho and Swaziland.

Directors Responsibilities

The Directors are responsible for the selection, preparation and presentation of the environmental information in accordance with the GRI G3.1 Guidelines. This responsibility includes the identification of stakeholders and stakeholder requirements and material issues, for commitments with respect to environmental performance, and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services Proprietary Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the selected environmental information based on the evidence we have obtained. We have conducted our engagement in accordance with the International Standard on

Assurance Engagements (ISAE 3000), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain reasonable assurance about whether the selected environmental information is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the quantification of the selected environmental information and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments we considered internal control relevant to Engen's preparation of the selected environmental information. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of Engen's use of the criteria, as the basis for preparing the selected environmental information;
- Evaluating the appropriateness of quantification methods and reporting policies and internal guidelines used, and the reasonableness of estimates made by Engen; and
- Evaluating the overall presentation of the selected environmental information and whether the information presented in the Report is consistent with our findings, overall knowledge and experience of environmental management and performance at Engen.

Our work included the following evidence-gathering procedures:

- *Interviewing management to evaluate the application of the GRI G3.1 Guidelines and to obtain an understanding of the control environment relative to the reported environmental information;*
- *Inspecting documentation to corroborate the statements of management and senior executives in our interviews and discussions;*
- *Testing the processes and systems to generate, collate, aggregate, monitor and report the selected environmental information;*
- *Inspecting supporting documentation and performing analytical procedures; and*
- *Performing site work at Engen Refinery (Durban).*

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the selected environmental information for the year ended 31 December 2013 is prepared, in all material respects, in accordance with the GRI G3.1 Guidelines.

Other Matters

While the Report presents information for the financial years ended 31 December 2012 and 2013, we were only engaged to assure selected environmental performance indicators for the year ended 31 December 2013. No external assurance procedures were performed on the key environmental performance indicators for the year ended 31 December 2012.

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report.

The maintenance and integrity of Engen's Website is the responsibility of Engen's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Engen Website.

Restriction of Liability

Our work has been undertaken to enable us to express an opinion on the selected environmental information to the Directors of Engen in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Engen, for our work, for this report, or for the opinion we have reached.

KPMG Services Proprietary Limited

Per PD Naidoo
Director

Johannesburg
(18 December 2014)