

With us you are Number One



Engen Limited Integrated Report 2015

OUR VISION

To be the oil company of choice in sub-Saharan Africa and the Indian Ocean Islands.

OUR CORE BUSINESS

Engen is an African-based energy group focused on the refining and marketing of petroleum and petroleum-based products, and the provision of retail convenience services, through an extensive network of service stations across 17 countries in sub-Saharan Africa and the Indian Ocean Islands. Engen also exports its products to more than 30 other territories.

OUR 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.

Teamwork

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

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 have developed to be competent in their current jobs and their potential is developed to meet the current and future needs of the company.

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About this report

This report constitutes another important milestone in our efforts to deliver sustainable value to stakeholders. It builds on our 2014 Integrated Report and includes elements of the Global Reporting Initiative (GRI) guidelines for Sustainability Reporting GRI G4. It is also based on the principles and framework as presented in the International Integrated Reporting Framework (IIRC).

The approach taken in preparing this report focusses on the value chain of the business and how the business manages the process of value creation across five of the six sustainability capitals as guided by the <IR> framework. We have also listened to guidance from internal and external stakeholders to make this report a better tool to share our sustainability journey.

The boundary of this report includes all operations in which we have direct control and are able to implement our policies, practices and standards. We report fully on key sustainability performance indicators regardless of percentage share ownership. Deviations from this reporting boundary have been clearly stated.

The reporting period covered by this report is between 01 January 2015 to 31 December 2015. In addition, we have provided relevant historical information and we make references to past events in order to maintain historical context of the key issues discussed. The employment equity statistics reported under the Human Capital section follow the Department of Labour calendar starting from August 2014 to July 2015.

For this report, Ernst & Young provided the financial assurance for the reported figures.

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Chairman's Review



MR MD ARIF MAHMOOD
CHAIRMAN

As an Africa-based oil company concentrated on the refining and marketing of petroleum and petroleum-based products, we as Engen remain focused on our vision to be considered the oil company of choice in sub-Saharan Africa and the Indian Ocean Islands. With this clear vision, dedicated employees and distinctive assets, we are well placed to take full advantage of the many growth opportunities in the markets in which we operate, to the benefit of all our stakeholders.

As a company we are mindful of the fact that our stakeholders expect us to conduct business ethically and in an environmentally and socially responsible manner. As such, we place a strong emphasis on individual and organisational integrity. While operating as a profit-oriented business, we recognise the need to balance our commercial objectives with that of contributing to the socio-economic development of the countries in which we do business.

Engen is unique in the refining and downstream marketing industry. We own and manage a nameplate 135 000 barrel per day refinery in Durban, South Africa and we operate over 1 500 service stations of which approximately 1 000 are located in South Africa and the remainder in 15 countries across sub-Saharan Africa and the Indian Ocean Islands. Distributor agreements exist in a further eight countries. We also operate a vast convenience network in the region offering an extensive range of products and services.

Meaningful Black Economic Empowerment in the South African oil industry remains central to the future of the industry. As Engen we firmly recognise that our participation is an essential part of our future success. Accordingly, we have developed strategies and plans that are being executed to progress this important issue.

Reflecting on our 2015 performance, I am pleased to share our journey with you.

Delivering world class service and products have enabled Engen to maintain the position as industry market leader in South Africa and we are steadfast in leveraging opportunities to strengthen our business in sub-Saharan Africa and the Indian Ocean Islands. Operational Excellence, and effective Health, Safety, Environment and Quality (HSEQ) and Risk Management, along with the continuous effort to optimise the supply chain, have been a critical focus in ensuring that our business is both sustainable and profitable.

However, the global economic landscape once again proved challenging in 2015. Slow economic recovery and low commodity prices impacted global GDP, which registered at 0.2% less in 2015 compared to 2014. This, together with weakened African currencies and infrastructure constraints, resulted in slower growth for sub-Saharan Africa, as was forecasted. In South Africa, still our biggest market, the Consumer Confidence Index decreased to multi-year lows. This is indicative of the harsh market conditions and intermittent repurchase (repo) rate increases.

A great deal of quality work has been carried out over the past few years at our Refinery, particularly in the area of operational efficiency and reliability. The low crude prices in 2015 did have an impact on improving global refining margins. The Engen Refinery benefited from this upswing due to the assurance of record mechanical availability of 97.68%. Our exceptional execution of the Maintenance Turnaround, which was safely and successfully concluded ahead of schedule, deserves part of the credit for this outstanding accomplishment.

In our continued pursuit of excellence, noteworthy capital investments were made across the supply chain to optimise safe operations and expand Engen's quality service, products and convenience offerings. With continued focus on defending market share, our position as the leading petroleum marketer in South Africa was proudly reaffirmed by three prestigious accolades. In 2015, Engen was presented with the Sunday Times Top Brands Award in the Petrol Station category and was also named the "Coolest Petroleum Brand" by young South Africans in the Sunday Times Generation Next survey. These two awards were both bestowed upon us for a record fifth consecutive year. We also received another award when South African motorists named us "South Africa's Favourite Fuel Brand" in the Standard Bank People's Wheels Awards. These are all noteworthy achievements and indicate that we are achieving our stated purpose of meeting the needs of our customers.

As we continue our journey towards being the oil company of choice in Sub-Saharan Africa and the Indian Ocean Islands, we will leverage key and influential relationships to enable effective stakeholder engagement.

As a responsible corporate citizen, we conducted various social and community projects over the course of 2015. These broadly focus on education, health and safety, and community outreach. Our social investment ensures that the fruits of our efforts are returned in a manner that will improve the lives and well-being of both present and future generations. Furthermore, Engen service station owners are encouraged to discharge their role as a responsible and caring citizen by supporting their local communities. It is something they continued to do proudly in 2015.

The year under review was challenging. I am however optimistic that we will continue to forge ways to remain relevant and sustainable in the volatile economic environment. In anticipation of the increasing challenges ahead, we will remain focused on expanding our network of facilities across sub-Saharan Africa and the Indian Ocean islands, improving the quality of our products and services, optimising costs and developing our human capital even further. I look forward to sharing improved success with you as we implement strategic initiatives to mitigate challenges and enable enhanced sustainability.

As we welcomed Mohd Farid Mohd Adnan to the helm of the Engen Management Committee in August 2015, a special thank you is given to outgoing Managing Director and CEO, Datuk Ahmad Nizam Salleh. His leadership over the past five years will remain a part of Engen's notable legacy.

On behalf of the Engen Limited Board, I extend sincere gratitude to all Engen employees, who remain our greatest asset. Your ongoing commitment, loyalty and perseverance ensure that we continue to 'Make GREAT Happen'.

I would like to thank our shareholders, dealers and customers for the unwavering support extended to Engen.

MR MD ARIF MAHMOOD
CHAIRMAN

"Meaningful Black Economic Empowerment
in the South African oil industry
remains central to the
future of the industry"

CEO's Statement



MR. MOHD FARID MOHD ADNAN
MANAGING DIRECTOR AND CEO

Our corporate values and good business ethics continued to inform all of our business decisions in 2015. The goal of adding value in a balanced manner remained our driving force.

The year under review saw Engen weather a stormy economic climate. A confluence of low growth, interest rate increases and high inflation affected household income. Despite some relief from lower fuel prices, weakened currencies negated the impact of the falling oil price to the consumer.

Our Business Value (Financial Capital)

We reported a gross financial profit increase of R4, 983m for 2015 due to the significant decrease in inventory revaluation losses. Inventory revaluation losses were incurred in the prior year due to the downswing in the crude price which commenced toward the end of the 2014 financial year.

Our expenses increased by 6%, which was mainly as a result of higher staff costs and depreciation due to the supply chain and retail site investments in our Engen Sales and Marketing (ESM) division and to a lesser extent in our International Business Division (IBD). This also included the Refinery depreciation charge on stay-in-business capital. In addition, foreign exchange losses also had a significant impact. Our realised and unrealised foreign exchange losses increased by R154 million in 2015.

Our 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 our total equity attributable to parent equity holders and non-current interest bearing debt, over extended periods.

Our total assets increased year-on-year by R3,383 million to R37,002 million at the end of 2015. This was driven mainly by an increase in our cash and cash equivalents balance from R1,699 million to R4,222 million.

Our Equipment and Infrastructure (Manufactured Capital)

The Engen Refinery continued to deliver outstanding performance in 2015. Improved refining margins as an outcome of lower crude prices coupled with a mechanically reliable and safe operating plant, positively contributed to our profitability. The success of our refinery is attributed to, amongst others, the execution and completion of the Maintenance Turnaround safely and ahead of schedule. This served to support the record mechanical availability that was achieved in 2015.

Furthermore, our refinery recorded Overall Equipment Efficiency (OEE) of 98.56% far surpassing our planned target of 92.33%. The plant reliability target was 94.30% but the actual OEE performance was recorded at 97.68%. These results were not without the great effort, collaboration and commitment from the Refinery team and a keen focus on preventative maintenance.

We also continued to improve product quality and manufacturing standards in the year under review. This included interventions at our Refinery that resulted in the manufacture and supply of ultra-low sulphur 50ppm diesel. To support the introduction of this 50ppm diesel into the South African supply chain, we constructed and commissioned a 16 million litre ultra-low sulphur diesel storage tank. As a company which historically purchased ultra-low sulphur diesel via inland purchases or oversees imports, this is a notable achievement.

To address storage constraints, we sought to optimise our assets. In one instance, tanks in Durban, South Africa were converted to support the containment and movement of manufactured Bunker Fuel Oil for the supply of local demand at the Durban Port. Another of our high priority investments was the piping and loading arms at our facilities in Island View, Durban, which will enable the loading of Bunker Fuel Oil via barges.

In addition, to secure adequate capacity for the local fuel supply in South Africa and for neighbouring states, the Engen Fuel Capacity Optimisation programme was initiated to enable sustained growth in demand over the long term.

In order to bolster our supply chain into southern, central and eastern Africa, we completed a storage facility in Namibia, a terminal in Mozambique and a pipeline in Zambia. We also commenced construction of storage facilities in two other areas of Namibia.

The facility in Grootfontein, Namibia was commissioned in the first quarter of 2015. It will support sales in the country as well as with the country's major trading partners of Botswana, Angola and Zambia. In the west of Namibia, in the town of Swakopmund, we are in the process of installing another bulk fuel facility, which will service key industries located in the area. The facility will be commissioned in 2016. A third major investment in Namibia's fuel supply—the Ondangwa fuel depot - was started in late 2015 and is expected to be completed by mid-2016.

We also significantly increased our supply capacity to southern African countries with the launch of a 24 000m³ Terminal in Mozambique in early 2015. The Beira Terminal will supply petrol, diesel and lubricants to the main hubs in Mozambique, as well as to other countries in Southern African where Engen has operations, including Zimbabwe. The depot's strategic value is to ensure we meet our growth and future market share targets and to establish another supply corridor into Southern Africa.

In Zambia our vision for growth reached another milestone following the construction of a new pipeline linking the Engen depot in Lusaka to the government facility in the city.

Considering our customer needs, the focus to always deliver the best service with signature convenience offerings remained a priority. In South Africa we expanded our quality service and partnerships by converting and installing seven new Woolworths Foodstops, 17 new Quickshops and six new Fastfood outlets. We also had 20 new 1Plus outlets installed and eight 1-Stop outlets that were revitalised. With the objective of increasing our footprint in the country, seven brand new retail sites were built with 18 upgrades and 10 rebuilds in 2015.

Site upgrades are however not restricted to South Africa. In our International Business Division, we continued to drive the growth strategy in our retail network and push sale volumes. This served to further cement our presence in sub-Saharan Africa and the Indian Ocean Islands by providing petroleum products and convenience services to consumers.

Across our affiliate operations we completed 24 new service stations, and six total demolition and rebuilds in 2015. A further six services stations were upgraded.

Our affiliate operation in Reunion is currently constructing a retail site that will incorporate energy-friendly technology, which is another milestone initiative for Engen. The installation will include rain water harvesting, 80% water recycling at the car wash, a solar canopy, and no air conditioning, with temperature managed without an air conditioning system. The station will feature endemic plant species. Engen in Reunion is also preparing to install an ISO 50001 energy management system. These innovations are indicative of our commitment to energy efficiency.

Protecting the Environment (Natural Capital)

Health, Safety, Environment and Quality (HSEQ) remains at the forefront of our business and, as a responsible corporate citizen, we continue to do our best to comply with all regulations in the territories in which we operate.

The PETRONAS Mandatory Control Framework (MCF) remains a critical internal standard on how we conduct our business. The aim of the MCF is to improve HSEQ by forming a high level framework for the management of related risks.

To align with environment legislation, we completed installation of Vapour Recovery Units (VRU) at all required facilities, from manufacturing to depots. Our depot terminal as well as the Tara Road rail loading facility in Wentworth, Durban, were also included in this scope, and are nearing completion, with a large proportion of work having been completed in 2015.

Remaining firmly committed to health and safety, we constantly look at ways in which to improve HSEQ management and enhance practices in all aspects of our operations. We also seek to leverage on technology to provide us with the right solutions. Our efforts to create a safe working environment throughout our facilities continued to bear fruit in 2015. We reported zero fatalities and we had a Lost Time Injury (LTI)-free refinery maintenance turnaround as well.

Furthermore, we adopted an effective Enterprise Risk Management system to identify, assess, monitor, report and mitigate business risks. Our goal is to protect and create value through our business activities. Supporting these activities will drive us to objectively manage exposure and risks in all areas of the value chain.

In the face of growing pressure on water resources globally, growth for business is becoming intrinsically linked to water supply security, especially in some of the water stressed areas in sub-Saharan Africa. Recognising this, we have applied a methodology developed by PETRONAS to calculate water availability. Many of our facilities in South Africa operate in areas with severe water scarcity. We have, as a result, embarked on an effort to develop an adaptation plan for facilities most at risk and we will be finalising this plan during the course of 2016. In the meantime, we have implemented water saving initiatives at our refinery in Durban. The refining process accounts for the majority of our water requirements and it remains a focus of our efforts.

Our People (Human Capital)

Human capital development is key for the realisation of our vision. Investment in employee training and competency translated into 60% of the workforce benefitting from development processes over the past three years.

I am pleased to announce the launch of our Operations Academy in 2015. This initiative enables us to assess and develop our core operations skills. The focus in the first year has been on up-skilling managers and supervisors on how to assess employees against their required competencies. To date 102 managers and supervisors have been trained and 26 have been accredited as Master Assessors.

Learnership programmes, developed to respond to the identified scarce skills within the sector, are producing good results. During the reporting year, 217 individuals participated in our programmes, 170 of them being unemployed. Apart from contributing to national skills development efforts, these programmes enhance the skills of unemployed young people, increasing their chances of finding employment.

Fair access to opportunity remains the driving force behind our Transformation efforts in South Africa, which are influenced by business, ethical and legislative imperatives. We are steadfast in promoting and developing an enabling environment in which we can deliver on our transformation strategy to position us as a company of choice.

I am pleased to announce that we increased the representation of people living with disabilities in our workforce from 1.6% in 2014 to 1.9% in 2015. During the year we also embarked on an organisation-wide awareness campaign to promote and sensitise our people about persons who live with disabilities.

Our Relationships (Social and Relationship Capital)

We remain sincerely committed to engagement with our wide stakeholder base. In 2015 we adopted a stakeholder engagement policy and framework. We also developed a plan covering all key stakeholders that was informed by material issues. Stakeholder engagement continues to be embedded in the performance scorecard for our executives.

A concerted effort continues to be made to interact with our stakeholders in Durban South, given their close proximity to our operations in the area. This is because we believe that our responsibility to the environment and society are as important as our responsibilities towards our owners and our employees.

The Engen Community Stakeholder Forum (ECSF) acts as a platform for information sharing and alignment of effort and strategic objectives. This inclusive entity is focused on engaging with a broad range of stakeholders in the Durban South area, including civic organisations, educators, and union representatives, amongst others. The forum places particular focus on social and environmental issues, industrial relations and B-BBEE. It meets a minimum of four times per year.

Our Corporate Social Investment in 2015 continued to take an issues-based approach that was aligned to the business and our operating environment, as well as broadly aligning with national social priorities. Over the year we invested R20m in social investment initiatives, mainly in the areas of education and health and safety.

Our sustainable development indicators are subjected to annual internal review. This is supplemented every 3-5 years by independent external assurance with the next independent external assurance being planned for after 2017.

With a challenging year behind us, I would like to extend a sincere thank you to the Engen Board of Directors. On behalf of the Management Committee, I would like to congratulate and welcome Mr Arif Mahmood to the position of Chairman of the Engen Limited Board. We look forward to working with him and leveraging his extensive experience base and knowledge. I would also like to acknowledge and thank the outgoing chairman Datuk Wan Zulkiflee Wan Ariffin for his contribution and guidance.

Our employees based in 18 countries across the continent, continue to deliver – often under difficult circumstances – with determination and resilience. I wish to also acknowledge the committed efforts of our employees. It is through their values based approach, dedication and commitment to excellence that we are able to retain the special place in the hearts of all our customers and the communities in which we operate.

MR. MOHD FARID MOHD ADNAN
MANAGING DIRECTOR AND CEO

“The refinery recorded
**Overall Equipment
Efficiency of 98.56%** far surpassing
the planned target of 92.33%”



Our Highlights

Natural Capital

- Vapour Recovery Units installation for key facilities complete.
- Three-fold decrease in hazardous and non-hazardous waste disposal.
- 78% decrease in volume of product from major LOPC incidents (Loss of Primary Containment).

Human Capital

- 60% workforce benefitted from development processes for the past three years.
- Women in Leadership programme launch.
- Successful Disability Awareness Campaign.
- Significant improvement in health risk factors.
- Zero fatalities.

Social Capital

- 200 employees engaged in voluntary community development initiatives.
- More than 2000 individuals reached through Driver Wellness and Phambili roadshows.

Manufactured Capital

- 98.56% refinery OEE and 97.68% refinery reliability
- VRU installations at our facilities.
- Successful and incident-free incorporation of SAFOR into refinery.

Financial Capital Highlights

- Turnover R83 494 million
- Gross profit increased by R4,983 million

Recognition

At Engen we are focused on our vision of being the oil company of choice in sub-Saharan Africa and Indian Ocean Islands. This means we have to touch the hearts of our stakeholders and earn recognition through our services and products that are focussed on customer needs. The recognition we receive from our various stakeholders is important to us and it sends a signal of the impact we have had on our stakeholders.

We received the following Awards in 2015:

- *Sunday Times Top Brand Award (Petrol Station category):*
- *Engen first won this prized award in 2011 and we have since won it for a record five successive years.*
- *Sunday Times Generation Next Award:*
 - *This is the tenth year of these awards and for the fifth consecutive time, Engen was declared "The Coolest Petroleum Brand" by young South Africans.*
- *Standard Bank People's Wheels Award:*
 - *For the 5th consecutive time, Engen was named South Africa's favourite Fuel Brand by South African motorists.*

THANKS FOR GIVING US THE THUMBS UP!

WE'RE FEELING THE LOVE!
Thanks to your votes, Engen is the Coolest Petroleum Brand for the fifth consecutive year in the Sunday Times Generation Next Survey. Here's to many more years of fun and keeping our promise of making you Number One!

With us you are Number One | **ENGEN**



Our Business

Engen is an African company that operates in the Oil and Gas sector. Our focus is on the downstream business of refined petroleum and related products. We do this through our integrated value chain comprising a refinery, a network of storage facilities, distribution facilities, blending facilities and a retail network. All these are supported by marketing and trading expertise. We have operations across 18 countries in sub-Saharan Africa and the Indian Oceans Islands where we offer product and convenience services to our stakeholders.

Our refinery, located in Durban near the port facilities, has a nameplate capacity of 120 000 barrels of crude per day. Refinery finished products together with imported refined products are sold through our distribution network which includes commercial facilities and 1504 retail outlets of which 1057 are located in South Africa, Lesotho and Swaziland. A further 447 retail sites are in our International Business Division affiliate operations.

Our logistics network is supported by 50 main depot terminals across sub-Saharan Africa and the Indian Ocean Islands. We also have access to storage infrastructure through collaboration with partners.

Company Ownership

The Malaysian national oil company Petrolim Nasional Berhad (PETRONAS), holds 80% of Engen's equity. Pembani Group (Pty) Ltd owns 20% equity.

Our African Presence

We operate in 18 countries and distribute lubricants into a further 7 countries. Our range of products includes: fuels, lubricants, solvents, polymers, chemicals and bitumen.



Our relationship with PETRONAS

Engen is a valued member of the PETRONAS Group, a Fortune 500 company and our majority shareholder (80%). PETRONAS is a fully integrated oil and gas company and operates in approximately 70 countries across the globe, employing over 50 000 people.

This relationship enables Engen to leverage the research and advanced technology undertaken by PETRONAS. This is evident in our Primax brand of gasoline, which is the same fuel used to power the world championship winning Mercedes AMG PETRONAS Formula 1 cars.

Engen also markets products on behalf of PETRONAS Lubricants International (PLI), the global lubricants manufacturing and marketing arm of PETRONAS. PLI drives Technology as a winning differentiator in responding to the needs of both the Automotive and Industrial lubricants market and continues to invest in world class-class technology infrastructure and talents.

PLI provides the technical expertise in designing, developing and delivering fluid technology solutions that powered the Mercedes AMG PETRONAS Formula 1 to the 2014 and 2015 World Championships. This technical partnership ensures that our products withstand the ultimate testing ground of F1, whilst developing them into quality products for our customers.

PLI also relies strongly on Original Equipment Manufacturer (OEM) relationships. It has technical collaborations with BMW, Case-New Holland and Lotus, which has resulted in more than 6000 product approvals.





With us you are Number One

The Engen Brand

We continue strengthening our brand and introducing new value-adding branded products to meet key market demand. Engen has developed strength in our strong leadership and we have developed strong brand leadership and governance at the highest level of the business.



Primax

Engen Primax Unleaded is the branded petrol that balances performance and fuel economy. It includes a new generation detergent that cleans and improves engines.



Dynamic Diesel

Engen Dynamic Diesel cleans and restores dirty engines and protects and maintains new engines to increase performance and lifespan.



Laurel Paraffin

Engen's Laurel Paraffin is kerosene used for lighting, cooking and heating.



Quickshop

Quickshop is the convenience store located at many Engen service stations, open 24 hours a day, 7 days a week.



TruckStop

Engen Truck Stops are service stations spread across South Africa dedicated to the needs of truck drivers and include rest and ablution facilities.



1-Stop

The Engen 1-Stop network specifically meets the needs of the long distance traveller. It includes a 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 in urban areas that have selected convenience partner outlets, including a Quickshop, Corner Bakery, rotisserie chicken or fast food brand, coffee offering, Woolworths or convenience meals, and an ATM.



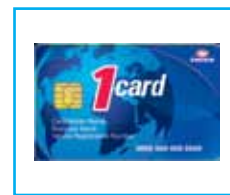
The Oil Centre

The Oil Centre is an approved distributor of Engen and Mobil branded lubricants, located in metropolitan areas to service small and medium-sized lubricant customers.



Fluidlink

Fluidlink is a complete lubrication and fuels solution for industrial and mining customers. It is designed to reduce downtime and increase the life of equipment.



1-Card

Engen 1-Card is a fleet solution for safe, secure transactions that helps owners control fleet expenses.



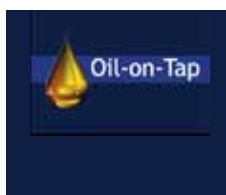
Engen IPS

Innovative Packaging Solution (IPS) fluid bags are designed to reduce cost-to-serve to customers with intermediate bulk lubricants.



Hydrokin ESF

Hydrokin ESF is a hydraulic fluid with energy-saving properties.

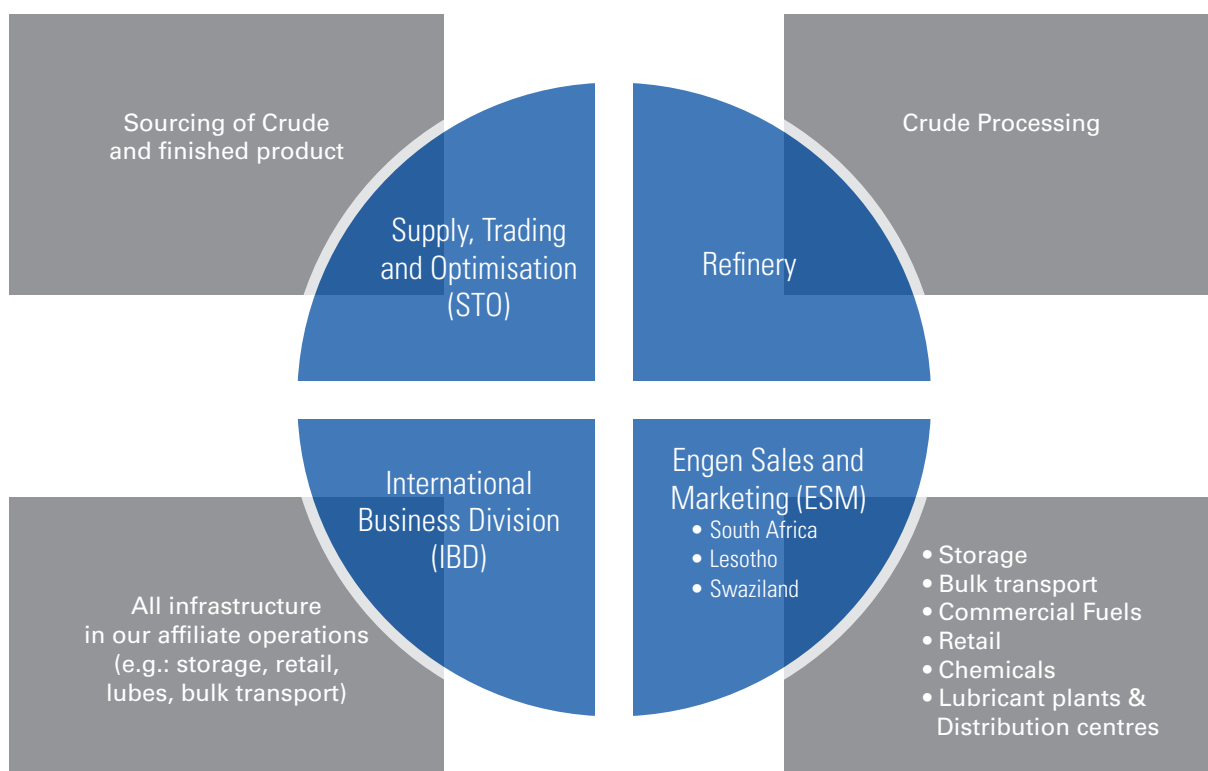


Oil-on-Tap

Oil-on-Tap is an innovative oil-dispensing unit for small- and medium-sized automotive and engineering companies.

Our Operational Divisions

Engen is organised into four operational divisions, namely: The Refinery, Supply Trading and Optimisation (STO), International Business Division (IBD) and Engen Sales and Marketing (ESM).



Refinery

The Refinery manufactures a range of products required to meet customer requirements. We have coupled 60 years of refining experience with continual investment in technology to maintain refinery competitiveness and international certification such as ISO 9001 and 14001 certifications. We are currently working towards the implementation of ISO 17025.

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 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.

Engen Sales and Marketing (ESM)

The Engen Sales and Marketing (ESM) division is responsible for the promotion, sales and distribution of our products in South Africa, Swaziland and Lesotho. This includes all our service offerings through our convenience retail centres.

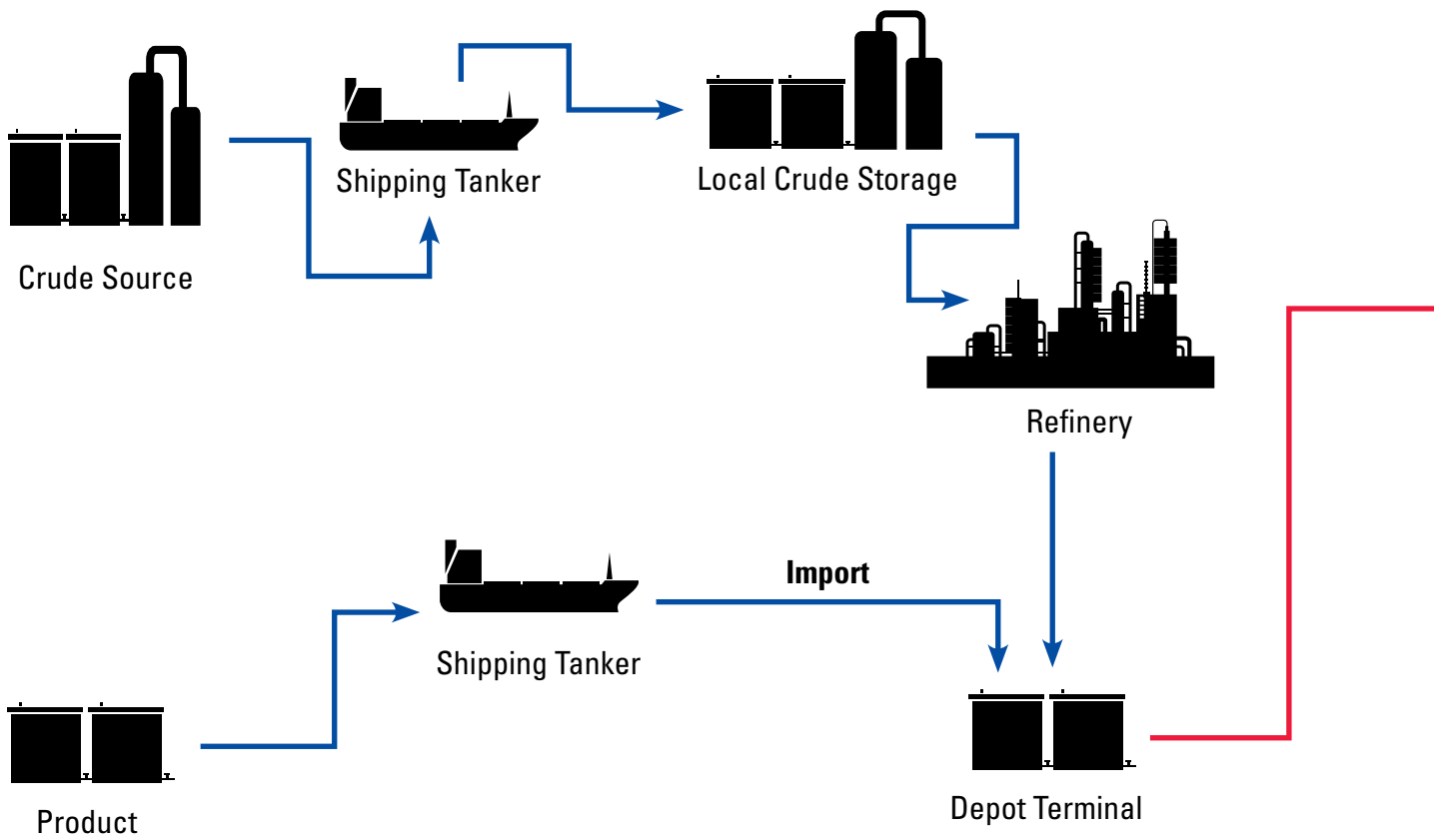
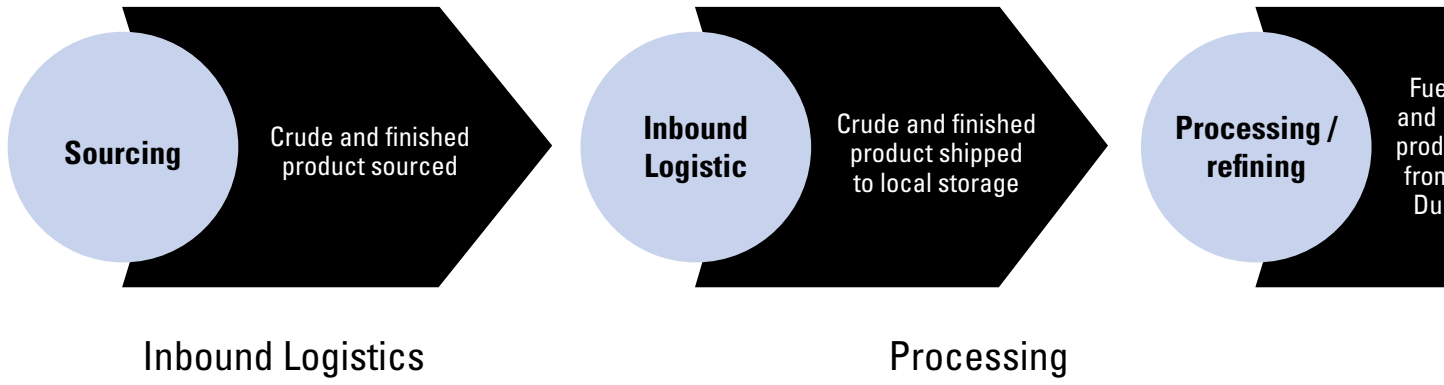
ESM also manages the supply of lubricants designed for specific customer needs. This is done in partnership with parent company PETRONAS International Lubricants (PLI) through the trading arm of PLI Africa, which is responsible for all PETRONAS lubricants operations on the African continent and in Australia. Engen operates two lubricants blending facilities, the Engen Lube Oil Blend Plant (LOBP) and the Zenex Blend Plant (ZBP) both located near the port facilities in Durban. There are also four distribution centres that are part of the South African supply system.

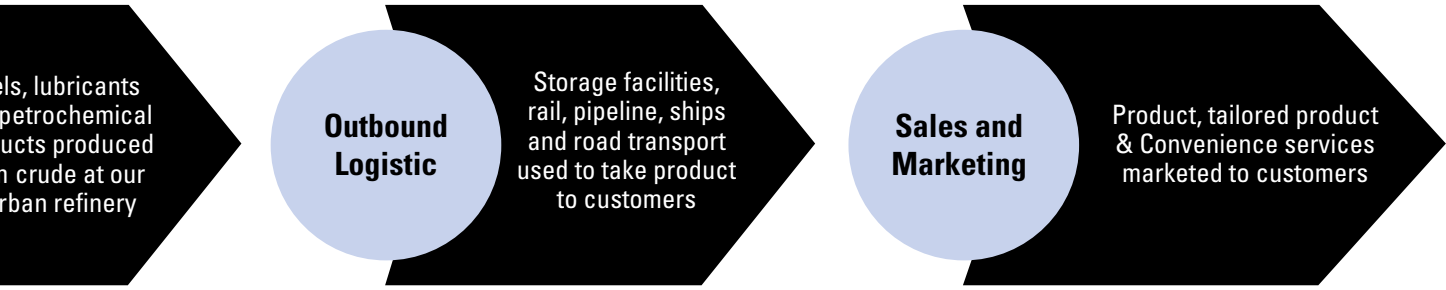
International Business Division (IBD)

The rest of our operations throughout Sub Saharan Africa and the Indian Ocean Islands are managed by International Business Division (IBD), who provides petroleum products and convenience services to our customers.



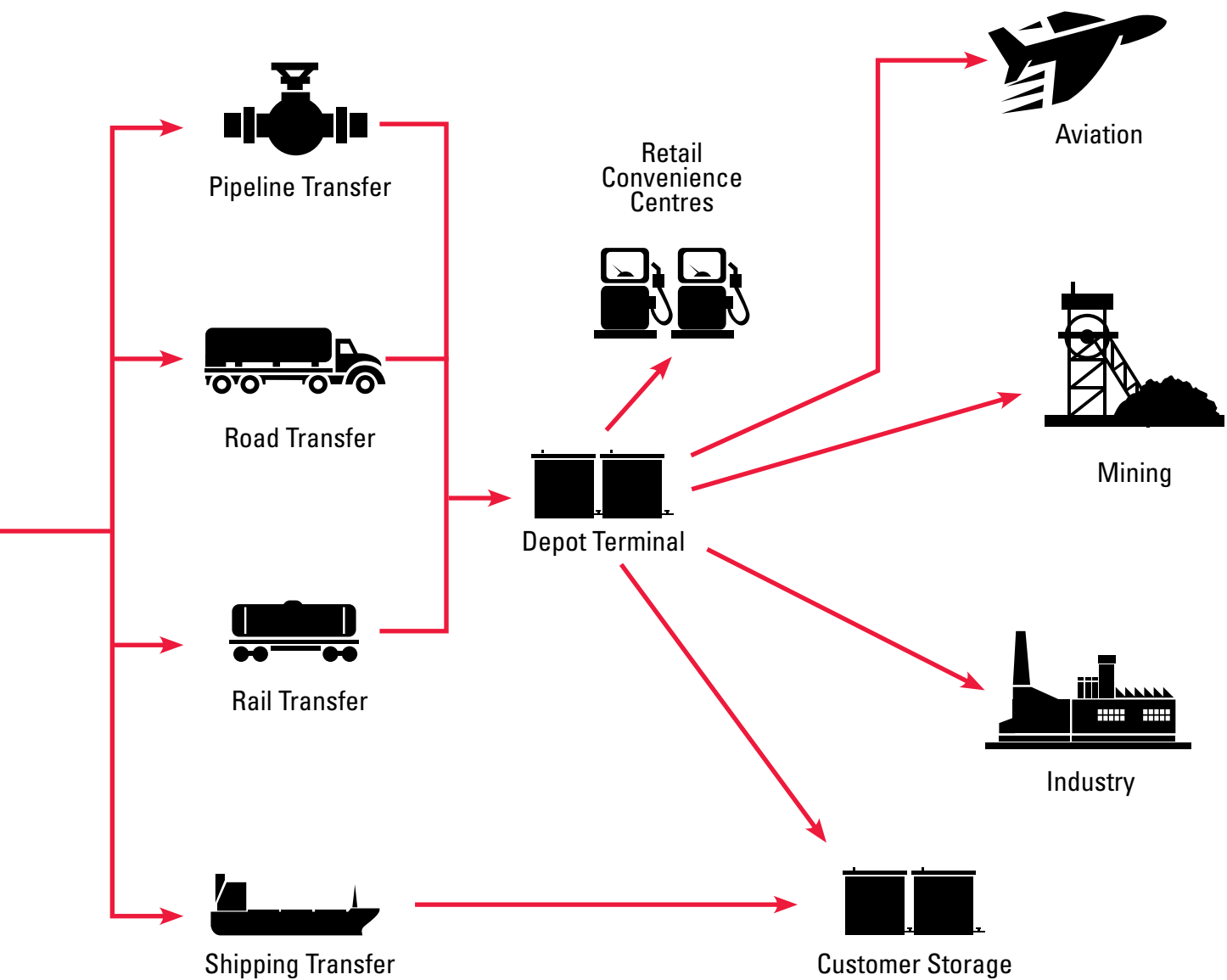
Engen Value Chain





Outbound Logistics

Customer



Business Context



Global Environment

The Global Risks report by the World Economic Forum (WEF) identified key risks. The oil and gas sector is intrinsically linked to stresses presented by these risks and we witnessed a few of them exerting themselves during the reporting period.

The agreement reached at COP 21 (the 21st Conference of Parties) in Paris in December 2015 marks a key achievement in the fight to halt global warming and the consequential climate change and its effects. It is expected that the signing of the agreement will take place in April 2016 paving the way for implementation by the parties. All 18 countries in which Engen operates are signatories to the agreement and have prepared their Intended Nationally Determined Contributions (INDCs). These INDCs point towards a number of critical activities covering infrastructure builds, skills programmes and evolution of the regulatory framework. The targets have been set for 2030.

The Southern Africa region suffered a severe drought in 2015 triggered by the abnormal El-Nino weather pattern. Countries affected include: Namibia, Zimbabwe, Zambia, South Africa, Botswana, Lesotho and Malawi. The socioeconomic impact is expected to last past 2016 especially impacting food prices and a number of water dependent products across the region.

The two themes that characterised the global environment during 2014 were the weak economic recovery and a drop in commodity prices. These continued through 2015, exacerbated by weak Chinese economic performance (GDP growth rate of 6.9%), financial market volatility and weakening capital trade flows. Global GDP registered 2.4% in 2015 down from 2.6% in 2014.

The World Bank and IHS projected modest growth in advanced economies of between 2.8% and 2.9% in 2016 (World Bank forecast shown in the table below). The World Bank, however, marked down their growth forecasts in light of the effect on the US dollar appreciation and the impact on Japan of slowing trade in Asia. On the other hand, the IHS Economics lowered their forecast by 0.1% owing to weaker outlooks for Brazil, Canada, the United States, and the United Kingdom.

The slowdown in China's economic growth, due to imbalances in credit, equity, housing, and industrial outputs, has put additional downside risk into the market. The IHS considers the recent declines to be a partial resetting of unjustified stock market growth in 2015 and expects Chinese GDP growth to exceed 6% in 2016.

Forecasts are subject to substantial downside risks. A more protracted slowdown across large emerging markets could have substantial spill overs to other developing economies, and eventually hold back the recovery in advanced economies.

Global Real GDP Growth Rates and International Capital Flows

	2013	2014	2015 (estimate)	2016 (forecast)
World	2.4	2.6	2.4	2.9
High Income Countries	1.2	1.7	1.6	2.1
USA	1.4	2.4	2.5	2.7
EU	-0.2	1.9	1.5	1.7
Japan	1.6	-0.1	0.8	1.3
UK	2.2	2.9	2.4	2.4
Russia	1.3	0.6	-3.8	-0.7
Developing Countries	5.3	4.9	4.3	4.8
China	7.7	7.3	6.9	6.7
India	6.9	7.3	7.3	7.8
SSA	4.9	4.6	3.4	4.2
RSA	2.2	1.5	1.3	1.4
Nigeria	5.4	6.3	3.3	4.6
Angola	6.8	3.9	3.0	3.3
World Trade Volume Growth	3.3	3.6	3.6	3.6
Oil Price Growth	-0.9	-0.75	-46.5	-8.5
Non-Energy Commodity Price Growth	-72.	-4.6	-14.8	-1.8
Developing Countries	5.9	5.3	3.1	3.7
SSA	5.0	5.1	4.0	4.0
<i>Capital Flows = FDI, Portfolio Investments & other investments</i>				

Source: World Bank

Worsening prospects for developing countries have coincided with a sharp slowdown in global trade, a rise in financial market volatility, and a substantial decrease in capital inflows (see table above). In anticipation of tighter U.S. monetary policy, currency pressures have intensified and borrowing costs have increased, particularly for a number of commodity exporters. Significant nominal currency depreciations against the U.S. dollar are straining balance sheets in countries with elevated dollar-denominated liabilities.

Global Crude Oil

By December, dated Brent was trading around US\$39/bbl compared to the 2015 average of US\$52/bbl. The IHS expects prices to average US\$38 by quarter one 2016 and recover during the second and third quarters. Current prices will lead to a further decline in onshore US production, helping to move the global oil market to balance by the second half of 2016 (although stocks are expected to remain at high levels).

The agreement on Iran's nuclear programme in July 2015 signalled the return of Iran to global oil markets. This happened at a time when the oil price was already under pressure. The impact is expected in our next reporting cycle. The IHS Energy expects an increase of only 400,000 b/d due to Iran crude by the end of 2016.

Downstream Refining & Marketing

Global refining looked better than the previous reporting cycle buoyed, in part, by the fall in crude oil prices. This had a positive effect on 2015 refining margins and is likely to translate to lower pump prices to the consumer. When the oil price eventually reaches stability, it will exert significant pressure on the refining margins. This is expected in 2016 and its impact would be enhanced by an agreement by OPEC on output controls.

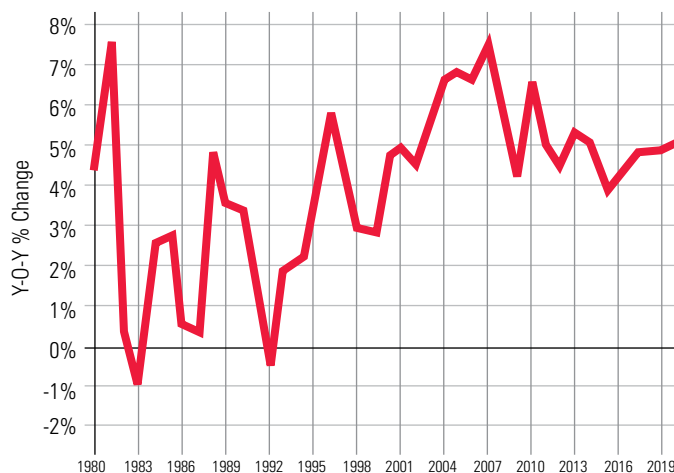
The US crude export ban was lifted in December 2015, a measure that was opposed by the US refining market. In response, Congress also passed a provision that allows independent refiners to deduct a portion of their domestic crude transportation costs from their taxable earnings. However, this incentive is unlikely to encourage more domestic crude processing by refiners, particularly with US production in decline and inland prices gaining strength relative to global prices.

In Europe, price spreads over crude for all products recovered in November 2015. Gasoline spreads rose the most, helped by high export levels. Diesel and heating oil spreads also increased in both markets, but gains were much weaker, as middle distillates continue to be under pressure from very mild temperatures and high primary inventories. Fuel oil prices recovered relative to crude, helped by eastbound arbitrages.

Refinery margins in Asia increased by November 2015, supported by seasonal demand. The gasoline market remained positive, driven by ongoing demand growth, and the middle distillate and fuel oil market recovered with the onset of winter demand and despite high regional inventory levels. The naphtha market also improved, supported by seasonal demand and lower arbitrage supply.

Sub-Saharan Africa Environment

Sub-Saharan Africa growth slowed to an estimated 3.4% in 2015, the lowest rate since 2009, due to low commodity prices and infrastructure constraints. A modest recovery is projected in Nigeria and South Africa, the region's two largest economies. In South Africa, labour and social tensions, high unemployment, and constraints associated with electricity supply continue to weigh on activity. However, low-income countries may register relatively high growth, supported by large-scale infrastructure investment and resilient consumer spending. Overall growth in the region is projected to accelerate to 4.2% in 2016, strengthening further to 4.7% in 2017/18. Overvalued currencies and larger fiscal and current account deficits over the period 2011/14 have eroded policy buffers, thus limiting policy options should shocks arise.



South Africa has a host of appealing competitive advantages. It remains the continent's second-largest economy – benefitting from a large manufacturing base, more than US\$2.5 trillion worth of metal and mineral deposits, and one of the most robust financial sectors in the world – and also boasts strong investment and trade ties with a range of key emerging and advanced economies.

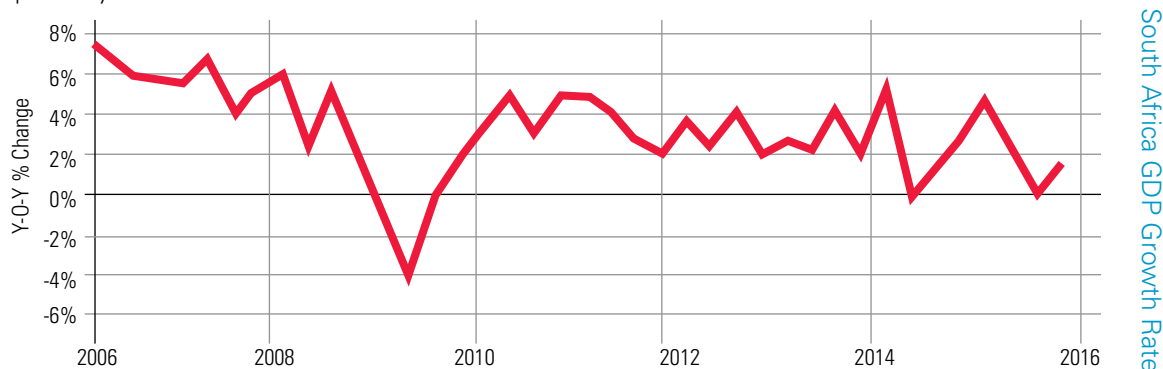
However, falling commodity prices, high unemployment and a weak currency made 2015 a particularly difficult year for South Africa, leaving a degree of uncertainty over the country's 2016 outlook. The weakening currency negated the impact of the falling oil prices to the consumer. This was further exacerbated by further rand weakness in December after the reshuffle of the Finance Ministry, which was thought responsible for the 10-year bond yields being up by a full percentage point, putting downward pressure on the rand. The South African economy continued to feel the effects the global economic pressures associated with the Asian economy slowdown. The impact was more notable in commodities, particularly the minerals sector.

The energy sector is expected to get a sizeable boost as a host of new renewable energy projects come online under the REIPPP (Renewable Energy Independent Power Producer Programme). The winning bids for the fourth round of REIPPP were announced by the Minister of Energy, Tina Joemat-Pettersson in April 2015.

Including the fourth round REIPPP awards, 5 423 MW of projects have been approved in the last four years, resulting in US\$12.5Bn worth of private investment. According to a spokesperson for state-owned utility company Eskom, as of September 2015 the company had concluded power purchase agreements with 30 renewable independent power producers, accounting for 32 projects and up to 1.9 GW of new capacity.

Overall economic performance was marked by a slow GDP growth rate of 1.3%. The slowdown in the global economy, particularly in China, was thought instrumental in South Africa's poor economic performance. Even the significant decline in international oil prices did not produce enough lift for the South African economy.

The low GDP growth rates are significantly below the 5%, required for South Africa to reverse high unemployment poverty and gross income inequalities as described in the National Development Plan (NDP). Various forecasts for 2016 paint a difficult future with International Monetary Fund (IMF), Bureau for Economic Research (BER), South African Reserve Bank (SARB) and World Bank forecasting 0.7%; 1.3%, 0.9% and 1.4% GDP growth rates respectively.



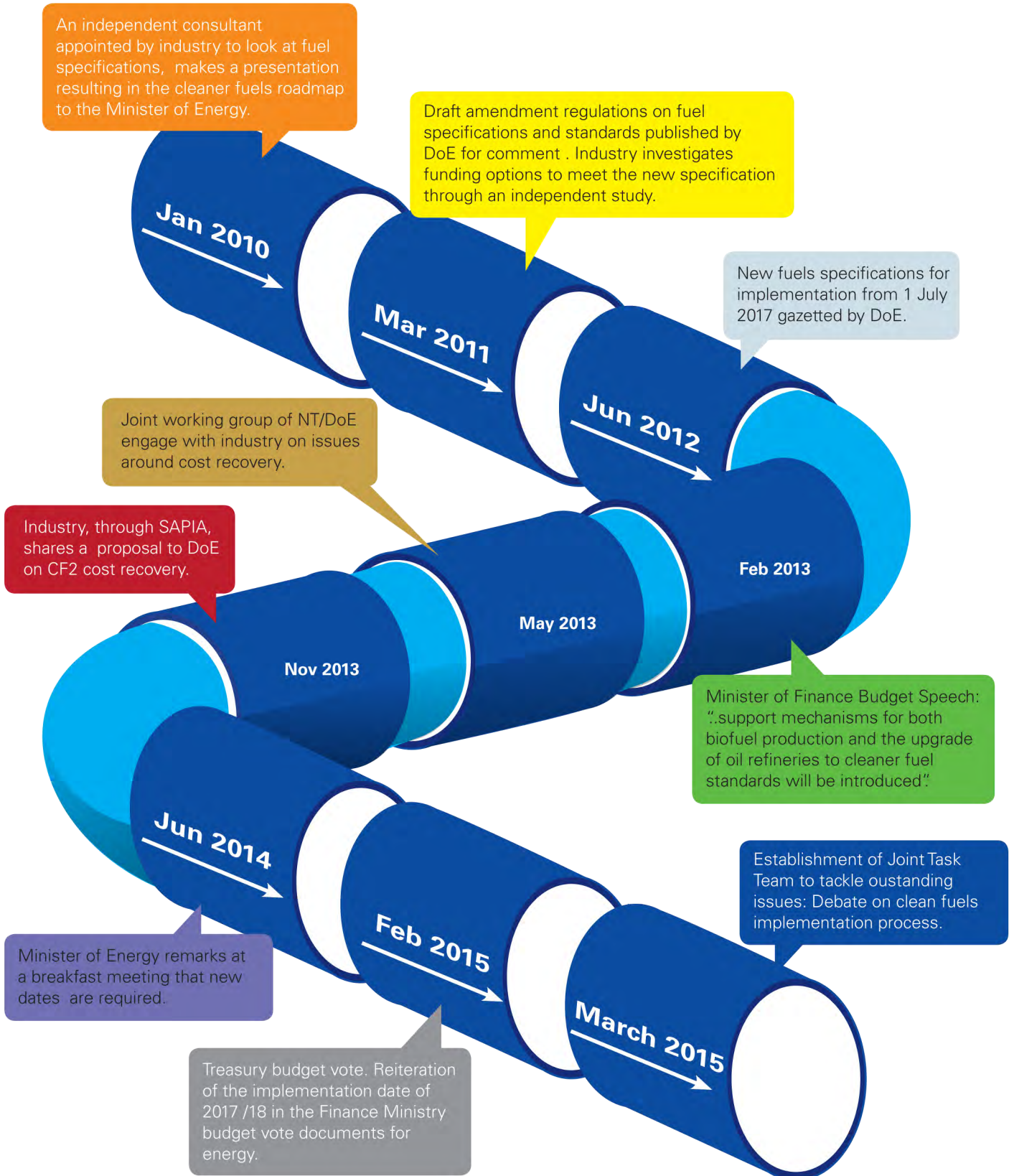
Consumer Price Index (CPI)

Since the South African policy tightening cycle started in January 2014, the repo rate has been raised by a total of 168.25bps, with another increase expected early in 2016. The SARB raised interest rates twice in 2015, lifting its benchmark rate by 25 basis points in both July and November 2015. The decision was governed by the Bank's assessment that the upside risks to their inflation forecast was becoming more pronounced. Despite this, the Monetary Policy Committee (MPC) still views the level of the policy rate as accommodative. Based on the SARB's revised inflation forecast for 2017, in real terms the repurchase (repo) rate remains negative.

Liquid Fuels Industry (LFI) Developments

The diagram below illustrates the South African Clean Fuels 2 implementation path. There have been lengthy deliberations between industry and government to agree on the final implementation (by July 2017). Unfortunately, issues remain and discussions are still in progress.

Clean Fuels 2 path: Adapted from SAPIA



In general, the confluence of regulatory measures in South Africa has a potential to significantly push the local cost of producing liquid fuels. These costs are largely unrecoverable since the industry is regulated both in price and product specification.

On the other hand, there is ample evidence that the South African fuels market is increasingly shaping the type of fuels grade and composition that will be required going into the future. There has, consequently, been a significant increase in 50ppm diesel imports into South Africa. The market has also seen a significant increase in local demand for unleaded RON95 Octane Petrol despite the 10 cents per litre DSL (Demand-Side Levy) in the pump price of this fuel.

The low crude price, however, provided somewhat of a relief for local refiners, relieving pressure on the margins. This relief would have been more pronounced if it was not for the weakened currency. Looking forward to 2016, the oil price is expected to stabilise, if not start to increase. This will reduce the consumer spending appetite, which will make 2016 a significantly challenging year for the industry.



Ethics.

Ethics, sometimes known as **philosophy of action**, **philosophy of conduct**, and **moral philosophy**, is a branch of philosophy that systematizes, defends and recovers moral conduct, often addressing and resolving moral dilemmas. The Greek word *ἠθικός* or *ethos*, which is the root of the word *ethics*, is a superfield within philosophy known as **philosophy**. **Ethics** is unified by each philosopher's investigation of what is right or wrong in actions and into three major areas of study: **meta-ethics**, **normative ethics**, and **applied ethics**.

Governance and Ethics

At Engen we strive to always operate in accordance with good business ethics and in a safe and environmentally responsible way, not simply to comply with legislation but because it is the right thing to do. Ethical considerations and our corporate values inform all of our business decisions. The goal of adding value in a balanced manner is our driving force. As such, we pursue our business with honesty, integrity and fairness.

Engen's Approach to Governance

In today's connected and globalised economy, good financial performance is no longer enough to build stakeholder confidence in our business model and strategy. The manner in which we manage ourselves, the structure, the policies and procedures, and our views on critical global issues such as human rights and climate change, all play a role in defining stakeholder perception and the manner in which we are able to amplify our value creation process through strong relationships.

At Engen, governance starts with the Engen Board of Directors, composed in accordance with the King Code of Good Governance. The Board ensures that the manner in which we conduct our business meets the highest standards applicable to a company of the stature such of Engen. Through strict governance principles the board optimises business performance while maintaining compliance with all relevant regulations.

The Board

The responsibilities of the board are outlined in the Board Charter and they cover all key aspects including the board's involvement in directing the business strategy that creates value for our shareholders in an ethical and socially responsible manner.

The Board Charter is reviewed and adopted by the board annually. All the board committees operate under board-approved mandates and terms of reference, which are also reviewed annually to keep them aligned with current best practice. In 2013, we adopted a Memorandum of Incorporation which further addresses the responsibilities of the directors.

Composition

Our board members at the end of the financial year comprised;

Non-executive directors (5)

- *Mr. Md Arif Mahmood: PETRONAS – Executive Vice President and CEO: Downstream Business*
- *Mr. Amir Hamzah Azizan: PETRONAS - VP Downstream Marketing & Group MD/CEO of PETRONAS Lubricants International Sdn. Bhd*
- *Mr. Mohamed Firouz Asnan: PETRONAS – Vice President: Oil Business*
- *Mr. Aman Jeawon: Pembani Group - Financial Director*
- *Ms. Zella Fuphe: Pembani Group*

Independent non-executive directors (3)

- *Mr. David de Beer*
- *Ms. Dawn Mokhobo*
- *Ms. Nosipho Moloape*

Executive directors (3)

- *Mr. Mohd Farid Mohd Adnan: Managing Director & CEO*
- *Mr. Andrew Bryce: GM: Financial Services*
- *Mr. Vukile Zondani: Director: Special Projects, Acting GM: Human Capital Division*

Company Secretary

- *Ms. Fiona Gumede*

Board Committees

There are three board committees, namely the Board Audit Risk and Compliance Committee (BARCC), the Remuneration and Nomination Committee and the Social and Ethics Committee.

Engen Limited Board

Board Audit Risk and Compliance Committee (BARCC)

Members

- Ms. Nosipho Molohe (C*)
- Mr. David de Beer
- Ms. Dawn Mokhobo

Meetings

- Minimum of 4 meetings per year
- Additional meetings may be held

Key focus

- Reviews and oversees:
 - *Engen group's finances*
 - *Integrated reporting*
 - *System of financial controls*
 - *The governance of risk*
 - *Compliance with legal and regulatory requirements*
 - *Oversees the internal audit function*
 - *Oversees the effectiveness of the combined assurance plan and outcomes*
 - *Reviews all audit findings (internal and external)*

Composition

- All independent non-executive directors
- Standing invitees with no vote:
 - *The CEO*
 - *General Manager: Financial Services*
 - *General Manager: Enterprise Risk and Assurance*
 - *Senior Manager: Enterprise Risk and Assurance*
- External auditor, by invitation

*Chairperson

Remuneration and Nomination Committee

Committee Members

- Ms. Dawn Mokhobo (C*)
- Ms. Nosipho Molohe
- Mr. Amir Hanzah Azizan

Meetings

- Minimum of 4 meetings per year
- Additional meetings may be held

Key focus

- Assists the Board with oversight on remuneration matters with the following key roles:
 - *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*
 - *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*
 - *Ensures that the appointment of Engen's directors is transparent and governed by formal procedures set out in the committee's terms of reference and Board Charter*

Composition

- Majority of members of the committee are independent non-executive directors.
- The CEO and General Manager: Human Capital Division are standing invitees to any committee meetings, but have no vote.

Social and Ethics Committee

Committee Members

- Ms. Zella Fuphe (C*),
- Mr. David de Beer
- Mr. Vukile Zondani (GM: HCD)
- Ms. Shirley Moroka-Mosia (GM: H.S.E.Q.)
- Ms. Tasneem Sulaiman-Bray (GM: Corporate Affairs)

Meetings

- Minimum of 4 meetings per year
- Additional meetings may be held

Key focus

- 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*
 - *Good corporate citizenship*
 - *Performance in terms of the environment, health and public safety, including the impact of our activities on our 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
- The other members of the committee are:
 - *An independent non-executive director*
 - *General Manager: HSEQ*
 - *General Manager: Corporate Affairs*
 - *General Manager: Human Capital*

Composition

Our board members at year end comprised;

Non-Executive Directors



Mr. Md Arif Mahmood

PETRONAS – Executive Vice President & CEO Downstream (chair)



Mr. Amir Hamzah Azizan

PETRONAS Vice President: Downstream Marketing & Group International Sdn. Bhd



Mr. Mohamed Firouz Asnan

PETRONAS Vice President: Oil Business



Mr. Aman Jeawon

Pembani Group: Financial Director



Ms. Zella Fuphe

Non - Executive Director

Independent Non-Executive Directors



Mr. David de Beer



Ms. Dawn Mokhobo



Ms. Nosipho Molohe

Executive Directors



Mr. Mohd Farid Mohd Adnan
Managing Director & CEO



Mr. Andrew Bryce
GM: Financial Services



Mr. Vukile Zondani
Director: Special Projects, Acting GM: Human Capital Division



Ms. Fiona Gumede
Company Secretary

Internal Audit

The internal audit function is a pillar through which the organisation can strengthen governance and make incremental improvements where necessary. The internal audit goes beyond what would typically be covered by the external audit. It includes critical items such as the organisation's impact on social capital (reputation and brand strength), human capital (organizational culture) and natural capital (environmental impacts and liabilities).

This is done through our enterprise risk and assurance department based on a BARCC approved audit plan. Any critical issues identified through this process can be referred to the BARCC.

Statement of Internal Control

The audit committee must ensure the integrity of integrated reporting and internal financial controls. The Engen board continually reviews the effectiveness, adequacy and integrity of this control environment.

The internal controls system in place is designed to identify and categorise risk according to its potential impact on our ability to create and maintain value. Integrated into that system is the business response to risk. We have a system that proactively manages and responds to our key risks, ensuring business sustainability.

Accordingly, the system can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss. It is therefore supplemented by a business continuity system to ensure continued business resilience during times of unavoidable significant events.

Through integration of information technology and modern tools, the organisation is engaged in continuous efforts to improve the control systems.

Engen Management Committee

The management committee comprises of:

- *Mohd Farid Mohd Adnan – Managing Director & CEO*
- *Andrew Bryce – GM: Financial Services*
- *Vukile Zondani – Director: Special Projects, GM: Human Capital (acting)*
- *Adnan Adams – GM: Corporate Planning*
- *Hilmi Daud – GM: Supply, Trading and Optimisation*
- *Shirley Moroka-Mosia – GM: Health Safety Environment and Quality*
- *Fiona Gumede – GM: Corporate Legal and Company Secretary*
- *Drikus Kotze – GM: International Business Division*
- *Joe Mahlo – GM: Engen Sales and Marketing*
- *Jehan Zaib – GM: Refinery*
- *Ivershini Reddy – GM: Enterprise Risk and Assurance*
- *Tasneem Sulaiman-Bray – GM: Corporate Affairs*

Outgoing members

- *Datuk Ahmad Nizam Salleh - Managing Director & CEO*
- *Lungile Dumse - GM: Human Capital Division*

Engen Management Committee



Mr. Mohd Farid Mohd Adnan
Managing Director & CEO



Mr. Andrew Bryce
GM: Financial Services



Mr. Vukile Zondani
Director: Special Projects,
GM: Human Capital Division (Acting)



Mr. Adnan Adams
GM: Corporate Planning



Mr. Hilmi Daud
GM: Supply, Trading and Optimisation



Ms. Shirley Moroka-Mosia
GM: Health, Safety,
Environment and Quality



Ms. Fiona Gumede
GM: Corporate Legal
and Company Secretariat



Mr. Drikus Kotze
GM: International Business Division



Mr. Joe Mahlo
GM: Engen Sales and Marketing



Mr. Jehan Zaib
GM: Refinery



Ms. Ivershini Reddy
GM: Enterprise Risk and Assurance



Ms. Tasneem Sulaiman-Bray
GM: Corporate Affairs

Outgoing Engen Management Committee Members



Datuk Ahmad Nizam Salleh
Managing Director & CEO



Mr. Lungile Dumse
GM: Human Capital Division
(until 31 January 2015)

Compliance

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

In our last report we provided detailed information on our efforts to develop the Engen Compliance Framework. The main objective of this framework is to outline our entire regulatory universe, particularly legislation that has a material impact on business and operations. It also identifies roles and responsibilities for all key parties to ensure they are properly informed and empowered to take the necessary steps to maintain business compliance with legislation.

The framework is now firmly in place and we have now embarked on a rollout and awareness campaign by engaging all employees through various communications tools, including: posters, IT-based systems and focussed discussions. We are preparing to run system audits to test the integrity of the system over time. This is planned for the year ahead and it will join an already running audit, which we conduct for the competition law compliance.

The current reporting year was also a year in which we started the rollout of the Anti-Bribery and Corruption (ABC) plan. The plan, developed in 2014, details minimum expected standards for preventing bribery and corruption within our organisation.

This plan is in line with our corporate values which include, among others, integrity. It also aligns the business with the Prevention and Combating of Corrupt Activities Act legislation in South Africa. Employees across the organisation are being trained on ABC. We are also installing internal control systems that will maintain and enhance the system going forward.

The commencement date for the Protection of Personal Information Act (POPI), signed into law in November 2013, has not been announced. The act also comes at a time when cybercrime is fast becoming a global challenge with incidents of ransomware being reported and a number of high profile organisations seeing their accounts being leaked online. After the development our POPI action plan, we are now in the process of developing internal controls and rolling out the action plan to the business.



We continue to rollout our internal compliance standards, the PETRONAS Mandatory Control Framework (MCF). The year under review saw the implementation of updated MCF standards coupled with the assurance of our corporate HSEQ systems and processes by PETRONAS. The closure of gaps identified as part of this exercise has helped strengthen our system and enhance our ability to prevent and reduce occurrence of incidents.

To further enhance our assurance systems, we also embarked on a systems audit, which was completed in 2015. This was to ensure that all prescribed systems are uniformly applied across the organisation and that the interpretation and understanding of these systems is aligned throughout the organisation. Looking forward, we will now be conducting our normal risk-based assurance to ensure practice reflects systems and procedures.

The Engen Refinery, Durban Terminal, Engen Lubricating Oil Blend Plant (LOBP) and Richards Bay Bunkering Services retained their ISO 14001 environmental management system certification in 2015.

The following Engen facilities retained their ISO 9001 certification:

- *Cape Town Distribution Centre (Solvents)*
- *Johannesburg Distribution Centre (Solvents)*
- *Lube Oil Blend Plant (LOBP)*
- *Refinery*
- *Zenex Blend Plant (ZBP)*
- *Durban Chemicals*
- *Richards Bay Bunkering Services*
- *Durban Terminal*

Health, Safety and Environment Management System (HSE-MS)

The HSE-MS consists of eight key elements (as shown in the outer squares on the diagram below) that need to be managed in order to implement a healthy management system.

In addition, the HSE Mandatory Control Framework (MCF), based on operational experience from PETRONAS, focusses on the 50 most significant HSE risks for which prevention and mitigation measures are mandatory. These are consolidated into 10 MCF elements (listed in the inner circle of the diagram below). The main objective of the framework is to strengthen HSE governance.

The HSE Management System and MFC Interface





Risk Management

Our Approach

Engen has adopted an effective Enterprise Risk Management system to identify, assess, monitor, report on, and mitigate against the impacts of the ever changing business risks associated with value creation processes in a globalised economy.

Our goal is to protect and create value through our business activities and supporting activities. This drives us to objectively manage exposure and risks in all areas of the value chain.

To achieve this, we have made all the necessary resources available to key people within the business. This includes the development of key systems and processes, the training of key personnel, and company-wide communication to ensure that Enterprise Risk Management is continuously improved and institutionalised across the organisation.

Our Board of Directors oversees the Enterprise Risk Management process at Engen. The Board's Audit, Risk and Compliance Committee ensures that the Enterprise Risk Management process complies with the relevant standards and industry norms and that it is applied effectively across the business to achieve an acceptable risk profile for the business.

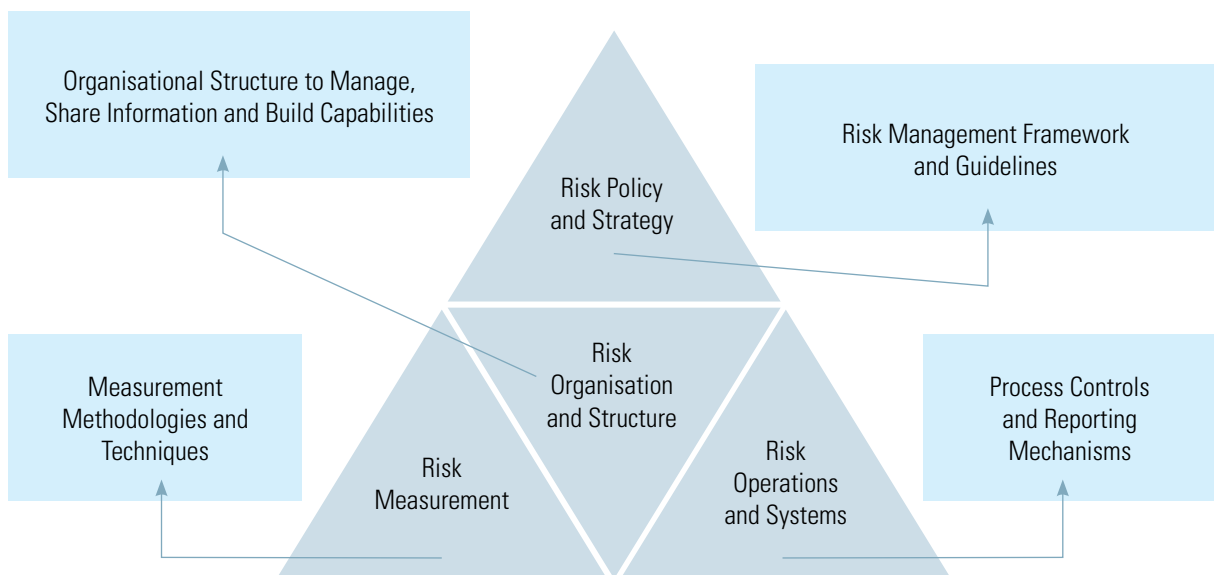
Our Risk Governance Framework

At Engen, the risk profile is a critical tool for business strategy. Through our policy, we establish the organisational risk appetite and tolerance limits. Our risk governance system revolves around the following four governance elements:

- 1) *Risk Policy and Strategy*
- 2) *Risk Organisation and Structure*
- 3) *Risk Measurement*
- 4) *Risk Operations and Systems*

Our key risks are monitored through a well-established and entrenched risk management system and process. Significant effort has gone into fine-tuning the system to fit our business model and link with other systems of governance. We also manage compliance with the risk reporting requirements and we capture lessons learned from risk experiences and practices as well as from the outcomes of assurance activities.

Each of the operational divisions and key support functions has a Risk Management office. The corporate risk department oversees all risk management activities across the business and manages strategic mitigation responses.



HSEQ Risk Management

Engen Petroleum Limited manages all HSEQ risks through proper implementation of HSE MS and MCF. Our risk management systems ensure that all risks to people, the environment, our assets, and our reputation are managed to as low as reasonably practicable (ALARP). Every year top HSEQ risks are identified based on outcomes of incident investigation trends, all tiers of assurance, near misses, analysis and benchmarking of industry best practises and evolving legislative requirements. The mitigation strategies for these risks are identified and implementation plans developed, which eventually inform key focus areas for risk management for the year. These top risks feed into overall Engen top risks as per Enterprise Risk Administration policy.

The risk mitigation, together with ongoing implementation of HSE MS and MCF, are monitored through different tiers of assurance. At the site level Tier 1 audits are conducted. These focus on specific elements, systems and areas, e.g. permit to work. Engen Petroleum Limited Corporate HSEQ conducts Tier 2 audits in all Engen operating divisions. These audits focus on HSE MS and MCF implementation. PETRONAS conducts Tier 3 risk based audits on Engen. External audits are also conducted on a suppliers and contractor rendering high risk services.

Engen's Top Risks

Risk	Detail	Ref.
<p>Social and Relationship Capital Regulatory Risk: Our operations are subject to legislative changes from 18 countries. In South Africa, a number of new laws are at draft stage and they have significant financial and operational impact for various sectors, oil and gas included. The recent landmark Paris Agreement is also expected to trigger new legislation in areas where we operate.</p>	<p>Compliance with new laws requires engineering changes to operations. The capital investment required for these changes varies depending on the systems and processes they impact. In some cases, whole supply chains can be affected, which may affect the price of some of the inputs in the long term. Depending on how it is implemented, the carbon tax, for instance, can have this ripple effect on the market. Businesses that are price-controlled face added difficulty in adjusting to these changes.</p>	Page 59
<p>Financial Capital Strategic Risk: Commodity prices have fallen significantly during the year of reporting. Also, the global economic outlook has been negative and African currencies have weakened. A number of sectors are facing negative growth. This can eventually have social impacts and complicate labour relations within industry.</p>	<p>The impact is industrywide and for many businesses it is indirect. The mining industry, who are our customers, face difficult market conditions with the falling commodity prices. Those exposed to imports, of raw materials for example, face increasing costs due to the weakening currencies. This may affect their spend, and ripple through the supply chain.</p>	Page 84
<p>Manufactured and Human Capitals Operational Risk: We operate very complex production facilities with hazardous and flammable substances. Ensuring safe production and delivery of these products to the satisfaction of customers is our primary focus.</p>	<p>In safety language, it is well understood that the risk of something going wrong rises whenever unusual circumstances arise. These can be due to plant changes and modifications, sometimes due to growth or triggered by regulatory changes. We continually test and improve our systems to respond to these changes to ensure we maintain a safe work environment in our facilities</p>	Page 45, 48
<p>Natural Capital Environmental Risk: This risk consists of two related risks. Risk of negative impact to the environment and risk posed by the effects of climate change.</p>	<p>The logistics of providing products to consumers will always present a risk of a spill to the environment. We have systems in place to manage this risk. In 2015 we experienced a stronger than normal El-Nino event, which will likely continue to be felt in 2016. Extreme and prolonged drought, flash flooding events and food security issues related to the effects of climate change are significant risk to all businesses.</p>	Page 71



Sustainability in Context

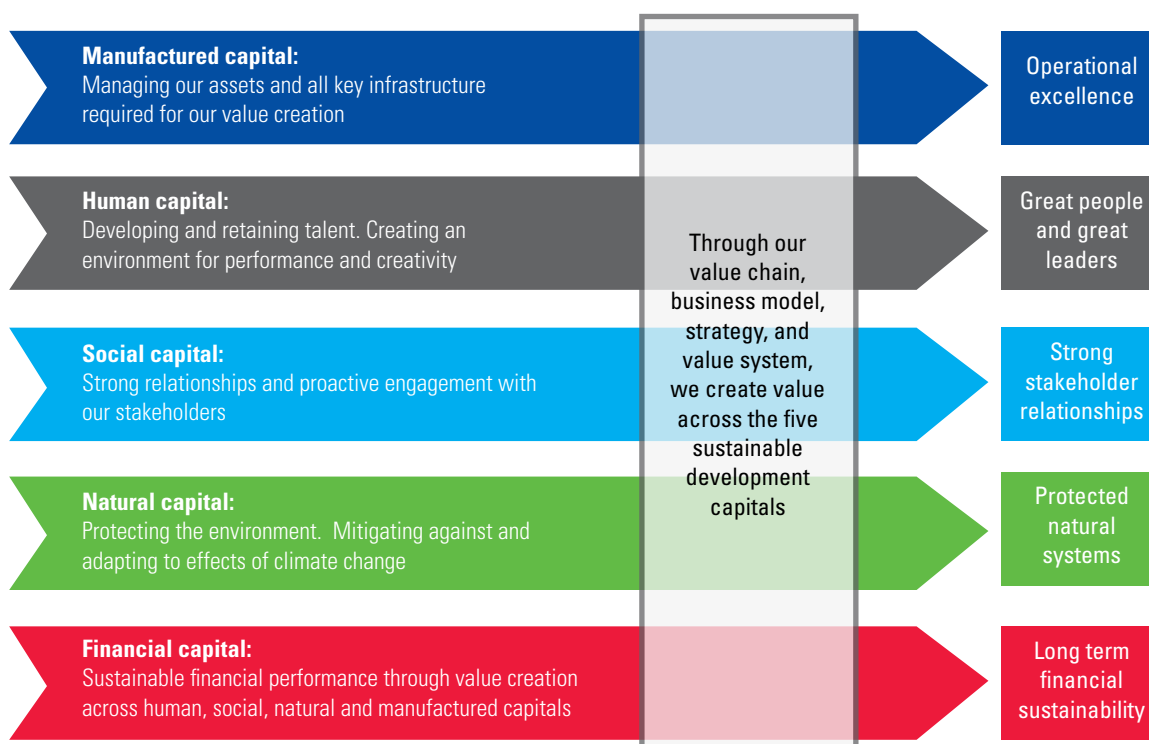
Our view of sustainable development is informed by the importance of creating and protecting value across five sustainability capitals, namely: Social and Relationship, Human, Manufactured, Natural and Financial. In our effort to provide high quality products and services to our stakeholders, we strive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

The oil and gas industry, being dependent of non-renewable fossil fuels, has environmental impacts through the production and use of its products. It is therefore critical that these impacts are continually minimised through improved efficiency and better management of emissions, wastes and effluents. A healthy environment provides critical ecosystem services for all, which include disease regulation, clean and sufficient water resources and a healthy environment for crops, livestock and eventually strong communities.

We also aim to make continual improvements towards sustainable social capital in sub-Saharan Africa and the Indian Oceans Islands where we operate. There are challenges with access to affordable energy, skills development and job creation and we believe it is critical for business to make a positive impact by being an active participant in community development. These eventually contribute to poverty alleviation and lead to vibrant communities.

We also value our employees and we strive to protect them from hazards and exposure to harmful substances. We aim to achieve this through our processes and systems. We also train and develop our people into leaders that can make all these aspirations possible. Ultimately, the sustainability of our financial capital depends on how we perform on all the other four sustainability capitals.

Value creation across sustainability capitals



Furthermore, our activities are guided by the seven key results areas in line with our parent company PETRONAS's 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.



Our Equipment & Infrastructure

The state and configuration of our assets play an important role in our ability to meet market needs. The refining process alone is required to process a range of crude to meet changing customer needs, while maintaining compliance with evolving legal and product requirements. The logistics can be affected by a number of factors, some of which are beyond the control of the business. It is for this reason that we pay particular attention to our infrastructure and equipment as can be seen in our expenditure reported under the financial capital section.

Our success in creating value along the value chain can be, among other things, affected by the availability and condition of manufactured capital, such as buildings, equipment and infrastructure, to support operations. For Engen the main elements of manufactured capital include inbound shipping vessels, mooring facilities, the Refinery, pipelines, bulk transport vehicles, the road network, rail transport and storage facilities. The degree to which Engen can influence the availability and condition of its manufactured capital depends on the degree of control it can exercise over them.

The Refining Process

Our Refinery is managed on the basis of operational excellence in health, safety, environment, quality and reliability dimensions. We continue to invest our resources and time to maintain it as a top performing facility contributing to our value creation process.

The incorporation of the South African Fuel Oil Refinery (SAFOR) into the Engen refinery is now complete and all reporting is now included as part of refinery statistics. We also had a planned maintenance turnaround at the Refinery which was successfully executed with no major fires, spills or leaks.

SAFOR, which used to produce lubricating base oils, was closed in 2014. Some of the tanks in the facility have been converted to Bunker Fuel Oil (BFO) service to support the containment (storage) and movement of manufactured BFO for supply at the Durban Port for local demand.

In addition to the changes at the Refinery to address the storage constraints, Engen invested in piping and loading arms at the Island View Ship berth 8 to berth 10 to enable loading of BFO via barges. All of these changes were the result of Engen exiting a Joint Bunkering Facility in 2014.

These interventions, namely the SAFOR tank conversions and Berth lines and loading arms, mitigated the risk of not being able to move the continuous production of BFO from the refinery. The projects teams have done well in executing these high priority investments on time and safely.

Engen's continued efforts to improve product quality and manufacturing standards were demonstrated when interventions were made by the Refinery team to introduce the manufacture and supply of ultra-low sulphur 50ppm diesel into the South African supply chain. Engen historically purchased its ultra-low sulphur diesel via inland purchases, or oversees imports; however, last year saw this change to Engen manufacturing for its own supply.

To support this manufacturing supply chain, Engen constructed and commissioned a 16 million litre ultra-low sulphur diesel storage tank in 2015 to store the 50ppm diesel. This was a significant milestone in enabling locally manufactured 50ppm diesel into the South African supply chain.

The 2015 Refinery maintenance turnaround was successfully completed ahead of schedule with excellent quality records, with no major injuries, spills, fires or leaks. A successfully executed turnaround and record mechanical availability positioned the Refinery to benefit from the upswing in the refinery margins for the year.

In the year under review, several interventions were initiated to ensure the South African liquid fuels supply chain and neighbouring states had adequate capacity and were able to sustain the growth in demand over the long term. Engen initiated the Engen Fuel Capacity Optimisation (EFCO) programme aimed at optimising operations to enable the required supply chain capacity interventions.

Some of the key initiatives as part of this programme include investments in the back-of-berth piping that enables high speed ship discharge into coastal tankage in the Durban Port area. In addition, Engen has invested heavily in the New Multi-Product Pipeline (NMPP) feeder pipelines at Island View to enable connectivity to the NMPP, thereby ensuring security of supply to the Gauteng and inland South African market, as well as neighbouring countries dependent on this supply corridor for their liquid fuels requirements.

The Engen Refinery recorded an Overall Equipment Efficiency of 98.56%, exceeding the plan of 92.33% for the year. Furthermore, reliability performance was at 97.68%, which was also better than 94.30% plan for the previous year. This performance, coupled with the global oil price volatility, combined to make 2015 a relatively successful year on refinery performance. We also report in the Natural Capital section that this increased efficiency and reliability also results in reduced waste intensity and contributes to the improvement in the refinery's performance for some environmental indicators.

Sales and Logistics

The sales and logistics part of the value chain is focused on delivering our value added products to the customer. It comprises depot terminals, distribution centres, bulk transport and a network of retail service stations.

To respond to the Gauteng province and inland customer needs in South Africa, as well as to improve our logistics network efficiency in the country, we are in the process of upgrading a numbers of inland depot facilities. This includes the upgrade of the Rustenburg depot, which continued in 2015 and is planned to be completed in the first half of 2017. This project will see expansion of the loading bays and installation of two new tanks, a rail siding and a new fire-fighting system.

In South Africa we also started upgrade of the Waltloo and Witbank terminals to address growing demand and enhance supply during peak demand. The completed upgrades will include two new tanks at each of the facilities. This will provide adequate capacity for growth in demand in the coming years, as well as address supply constraints in the short term.

In Grootfontein in north east Namibia, we completed construction of a Bulk Fuels storage and handling facility. This will support local sales as well as with the country's major trading partners of Botswana, Angola and Zambia. The development included the installation of storage tanks for petrol and diesel, and rail siding and gantry structures. It was commissioned in the first quarter of 2015.

In the west of Namibia in Swakopmund, we are in the process of installing another Bulk Fuel facility, which will service key industries located in the area. This will include a storage facility for lubricants, a pipeline to nearby mining activities, and two Light Delivery Vehicles (LDV) loading facilities. The facility will be commissioned in 2016.

In Zambia our vision for growth reached another milestone following the construction of a pipeline linking the Engen depot in Lusaka to a government facility in the city.

To align with environment legislation in South Africa, Engen completed installation of Vapour Recover Units (VRU) at all required facilities, including our depots in Kroonstad, Klerksdorp, Rustenburg, East London and Witbank. Our Durban terminal, as well as the Tara rail loading facility, were also included in this scope, and are nearing completion.

On the retail side of our business, we built seven new service stations in South Africa in 2015. All are based on our new construction standards and incorporate energy saving features. There were 18 service station upgrades in the country and a further 10 that were knocked down and rebuilt in 2015. To expand our quality service and partnerships we installed seven new Woolworth Foodstops, 17 new Quickshops and six new Fastfood outlets. We also had four new 1Plus outlets installed and 16 service station rebuilds. Eight of our flagship 1-Stop sites were revitalised.

In line with our transformation agenda, of the new retail service stations built in South Africa, three were in previously disadvantaged areas (PDA) and a further seven were part of the knockdown rebuild and upgraded sites.

In our International Business Division we completed 24 new retail service stations and six total demolition and rebuilds in 2015. A further six retail services stations were upgraded.

Our affiliate operations in Reunion are in the process of constructing a retail site that will incorporate energy-friendly technology. The station is being built at Beauséjour as part of the construction of a sustainable town. The station will include rain water harvesting, 80% water recycling at the car wash, a solar canopy and no air conditioning. It will also feature endemic plant species.

Our convenience centres have a proud reputation of placing our customers at the heart of our business. This has continued with the introduction of the Water Bar in partnership with Pure Lifestyle Water on a pilot basis. The aim is to enhance access to portable water through our convenience centres. Amidst a severe drought in the Southern Africa region, the Water Bar provides access to clean portable water through our retail network. Five installations were completed in 2015 with further rollout planned.

In 2014 we reported on our partnership with the Butcher's Best Biltong Bar as a pilot at one of our convenience centres in Cape Town. A total of five installations have now been completed with more planned for 2016.

Our partnership with the global third party logistics provider UTi continues to grow with five UTi ByBox installations completed and a further 200 targeted.

We are also continuing to strengthen customer experience through established strong partnerships with our strategic partners, including:

- *Woolworths*
- *Steers*
- *Wimpy*
- *Barcelos Flame Grilled Chicken*
- *Debonairs Pizza*
- *eBucks*



Our People

The global oil and gas industry continues to be beset by a shortage of skilled and experienced personnel. This is why we continue to increase our efforts in building capability to ensure the efficiency, reliability and safety of our operations.

Engen continues to invest in developing our own pool of talent to meet our workforce needs. In striving to deliver excellent results for the company, Engen employees are supported by structured professional and leadership development programmes to strengthen key competencies and cultivate a proactive mind-set and behaviour to deliver breakthrough performance.

Our employees are guided by our five corporate values – Integrity, Ownership, Performance, Empowered and Teamwork – and the PETRONAS Code of Conduct and Business Ethics (CoBE), which stresses each individuals responsibility to uphold integrity in their day-to-day operations. We believe that a strong foundation of integrity is crucial in enabling us to deliver outstanding performance, and to leave a legacy for future generations.

Our people have been instrumental in influencing our financial capital during this reporting period. Happening at a time of notable global economic unease, this underscores the critical role that capable leaders and a capable workforce play in achieving sustainable goals. Human capital continues to form a critical part of our sustainability roadmap. Our vision in this respect is to develop strong leadership supported by capable teams.

Our Total Workforce

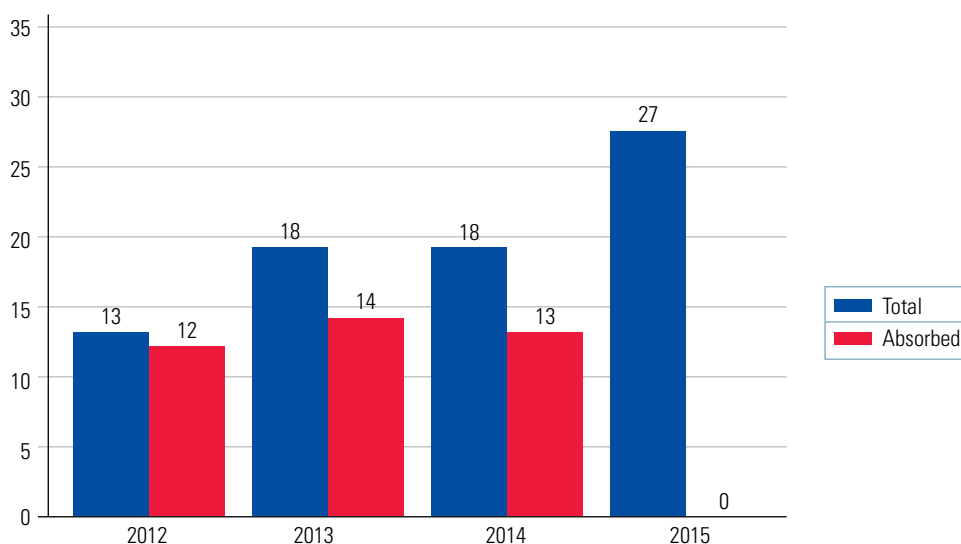
	Temporary and contractors				Permanent				Grand Total			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Non SA	25	37	34	30	623	573	564	643	648	610	598	606
SA	475	481	473	374	2914	2908	2951	3298	3389	3389	3424	3528
Total	500	518	507	404	3537	3481	3515	3941	4037	3999	4022	4134

Developing Talent

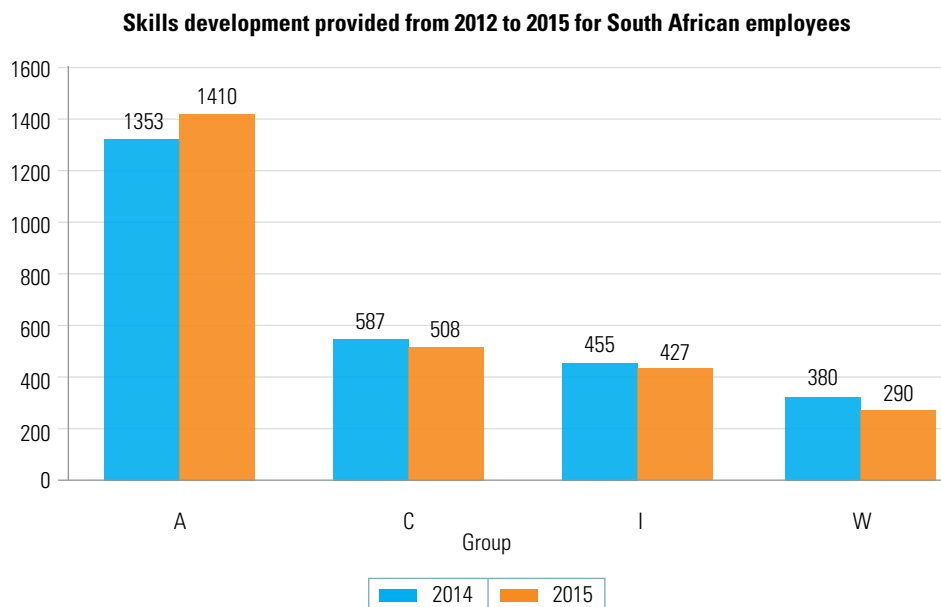
An Operations Academy was established in 2015 to assess and develop our core skills over a two to three-year period. The focus in the first year has been on up-skilling managers and supervisors on how to assess employees against their required competencies. 102 managers and supervisors have been trained and 26 have been accredited as Master Assessors.

Our graduate programme is aimed at exceptionally talented young individuals from previously disadvantaged groups. Our graduates get to be mentored by dedicated and committed leaders within our business to hone their business acumen. Due to the cyclical nature of the business environment and the difficult economic conditions, which are forcing some sectors to shed jobs instead of generating them, we were unable to absorb graduates this year. However, we have maintained our tradition of developing highly capable individuals who will become a critical input towards addressing the structural nature of unemployment.

Number of students in the graduate development programme



Our talent management programme continues to equip our employees with the necessary skills and competence for their current roles. It also prepares them for potential future positions. For the past three years, 60% of our employees have benefited from the programme.



Our learnership programmes, developed to respond to the identified scarce skills within the sector and hard to fill vacancies in the business, is producing great results. In 2015 we had different programmes aimed at both our employees as well as to unemployed learners. During the reporting year, a total of 217 individuals participated in the programme, 170 of them being unemployed. Apart from contributing to national skills development efforts, these programmes enhance the skills of unemployed young people, increasing their chances to find employment. They also address the challenge of access to training due to lack of funds. The programme also takes into account employment equity. In 2015, 63 of the participants were women, 212 were black and 47 were people living with disabilities.

The skills covered in the learnership programmes included:

- *Chemical Operations Learnership*
- *Instrument Apprenticeship*
- *Fitting Apprenticeship*
- *Electrical Apprenticeship*
- *Electrical Learnership*
- *Fitting Learnership*
- *Instrumentation Learnership*
- *Welders Learnership*
- *Diesel Mechanic Apprenticeship*
- *National Professional Driver*
- *Production Technology Learnership*
- *ABET*
- *Business Administration -People Living with Disabilities*

In 2014 we launched the Business Administration Learnership programme. The programme was launched in partnership with the Project Management Institute (PMI) and is initially targeting people living with disabilities. This programme focuses on enabling currently unemployed individuals and is rated an NQF level 2. The objective is to take participants to NQF level 4 and use the programme as a talent pool for future Engen recruitment. For 2015 a total of 23 Black females were enrolled.



Employment Equity (South African operations)

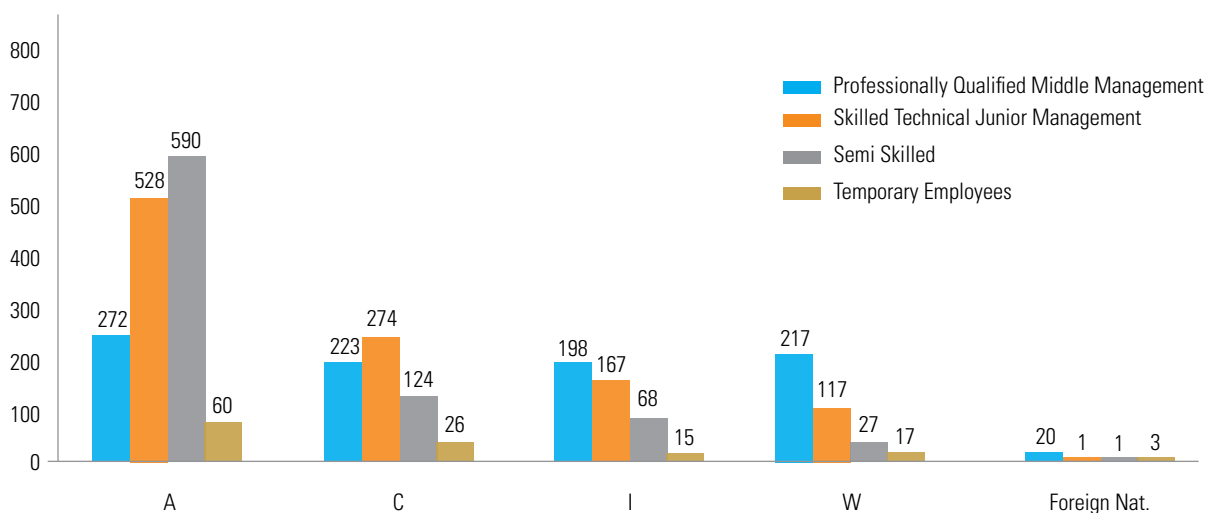
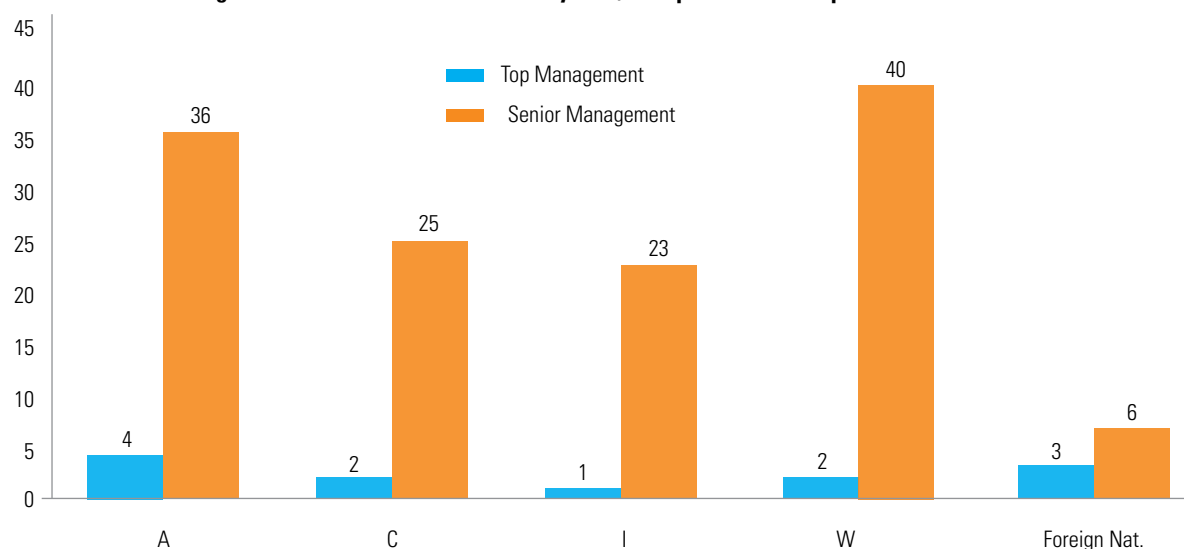
In our previous reporting cycle, we developed a new five-year Employment Equity (EE) Plan for 2014 to 2019. This was done through consultation with relevant stakeholders, and aligned to the Employment Equity Amendment Act, and the revised B-BBEE codes. The corrective measures, targeted initiatives, and a renewed focus on our Talent Management processes to deliver Employment Equity and Transformation, are starting to bear fruit and taking us on a journey towards alignment with the South African Employee Assistance Programme (EAP).

Over the past year we have made notable improvements in:

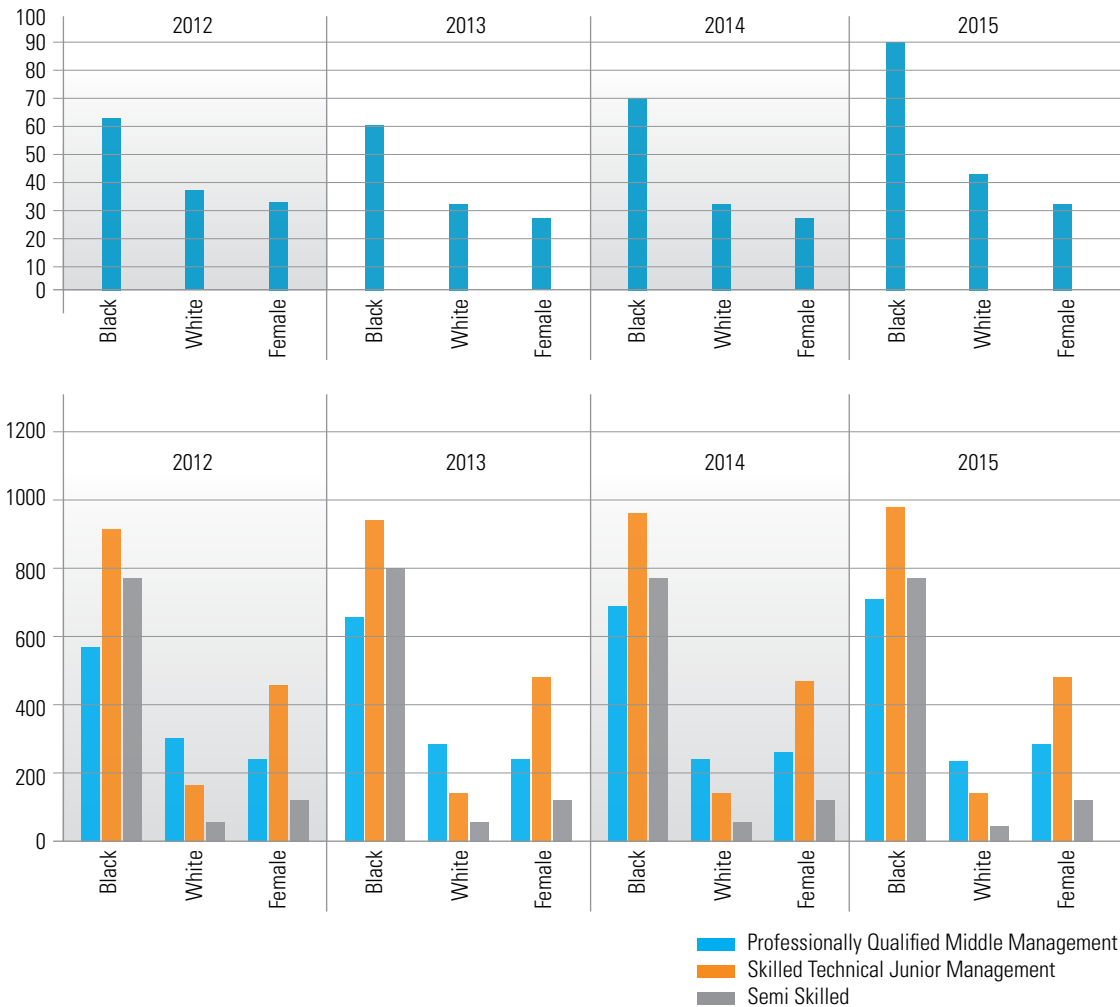
- African representation at management levels, which has increased by 3.6% (particularly African females being the focus of our transformation efforts).
- The representation of females at management levels, which has increased by 2.1%.
- The representation of people with disabilities, which has increased by 0.4% - a remarkable headcount increase of 13, which brings our current representation of people with disabilities to 2% of our permanent workforce. This increase is due to targeted initiatives and engagement with local and national organisations, institutions and agencies who support the employment of people with disabilities.

We also forged a partnership with Deloitte Women in Leadership to adopt an approach similar to Deloitte's Women in Leadership programme in developing women within Engen. The Engen Women with Drive committee was developed to act as an advisory committee on Women Empowerment issues. The committee was launched and introduced during Engen's Women's Breakfast & Workshop sessions across all provinces during Women's Month in August 2015.

Engen's Workforce Profile as at 31 July 2015, as reported to the Department of Labour



These efforts, coupled with our focus on training our employees, can be seen in how we have transformed the organisation at leadership levels. We have maintained a diverse senior leadership and have been steadily increasing the representation of black and female employees at all levels of our business. While the rate of change is dependent on transformation opportunities, we have been constantly implementing programmes and improving existing programmes to support our transformation objectives.



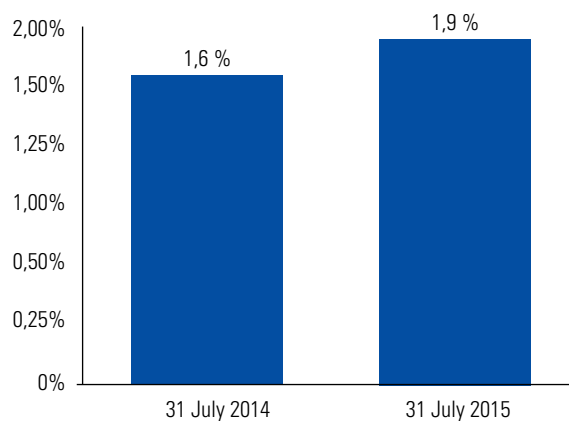
Disability awareness

To promote and sensitise our people on living with disability, we have embarked on an organisation-wide awareness campaign. The campaign involved engaging our employees through interactive sessions including external speakers and a handing out of artefacts. We also adopted a logo which featured on disability awareness button badges distributed to all employees. Our slogan for 2015 was Embracing Ability and Talent.

Part of the awareness campaign included an annual disability inspiration brunch where two of our employees, Xoliswa Ndlazulwana and Kashiefa Matthews shared their inspirational success stories.

Our efforts go beyond increasing the representation of people living with disabilities in our workforce. We are also engaged in continuous efforts to make the workplace conducive to all our employees. This effort will ensure that as we improve the diversity of our workforce, all employees enjoy a great place to work.

Representation of people living with disabilities



Collective Bargaining

Our relationship with our people remains the critical pillar on our journey to greatness. We are happy to report that in 2015 there were no labour actions associated with our facilities. We are keenly looking towards new wage negotiations in 2016. These are managed through our stakeholder engagement process which is governed by our value systems and the corporate strategy, which places people as an important element of success.

Our engagement with employees covered under collective bargaining takes place through centralised bargaining in South Africa and Gabon. In Namibia and Tanzania, we have decentralised engagement with employees and their affiliated unions. In Tanzania we communicate with the Employee Association of Tanzania. For affiliates that are not unionised, we have open engagement with employees.

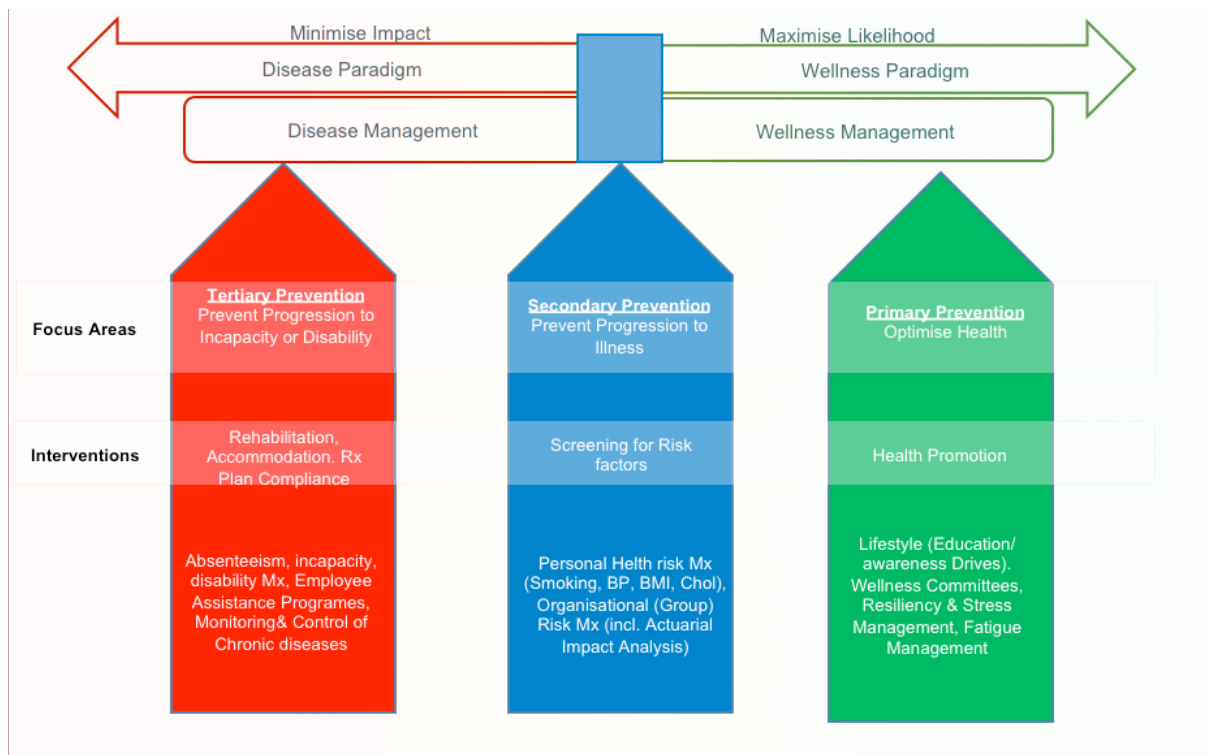
Within Engen we have three platforms for discussing material employee issues. The Operations Consultative Forum (OCF) focuses on operational issues for our outbound supply chain employees and the Refinery Consultative Forum (RCF) which deals with issues affecting our refinery employees. Lastly we have the National Consultative Forum (NCF) which discusses issues that affect the whole business.

Organisational Health

Engen's organisational health service comprises a wide collection of health related activities across the entire organisation, linking with risk management, legal compliance, human resources and industrial relations; hence the use of the term "organisational health", as opposed to simply "occupational health".

The key objectives of Engen's Organisational Health Service are to:

- Satisfy Occupational Health related compliance requirements (legal and quality)
- Maximise productivity and quality of life of Engen employees through health initiatives aimed at optimising their health and wellbeing
- Reinforce Engen's position as an employer of choice by providing a tangible expression of the company's care for its employees, thereby encouraging employee engagement and attracting the best talent available.



Our Health and Wellness programmes are arranged into the Occupational Health Programme and the Employee Wellbeing Programme.



Occupational Health Service

Our main occupational health hazards are chemicals, noise, fatigue and ergonomics. In addition, our international travellers face the risks of long flights and potential health hazards at their destinations. Fitness to perform safety-sensitive work is an area of particular focus, especially for our bulk truck operators.

In compliance with the South African Occupational Health and Safety Act (OHSA), and related legislation in other African countries, we regularly conduct workplace health risk assessments and exposure surveys (collectively known as our industrial hygiene programme), which are performed by rigorously selected Approved Inspection Authorities.

Engen's health-based industrial hygiene programme stands out as an industry leader. We call it "health-based" because it does not aim for mere legal compliance; it aims for minimising workplace exposure related health risks to Engen employees. Some of the key innovations include:

- *Exposure measurements by Similarly Exposed Groups ("SEG's"), enabling improved integration with medical surveillance*
- *Application of internationally accepted exposure standards (which are more rigorous than South Africa's outdated statutory values)*
- *Application of international best practice statistical techniques to ensure high quality data interpretation*
- *Intelligent reporting to optimise outcomes management and integration with medical surveillance*
- *Rigorous corrective action management*

We continued our mandatory medical testing programme, with its double objective aimed at fitness to work assurance in safety sensitive work, and screening for early signs of occupational disease. Note that all Engen employees are offered annual health screening, but not all screening is mandatory. For those who do not perform safety-sensitive work, or who are not exposed to significant occupational health hazards, the screening is aimed at personal health risks, and this is discussed in the section covering the Employee Wellbeing Programme later in this report.

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 Programme's 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.

Employee Wellbeing Service

Our Employee Wellbeing Service consists of the following initiatives:

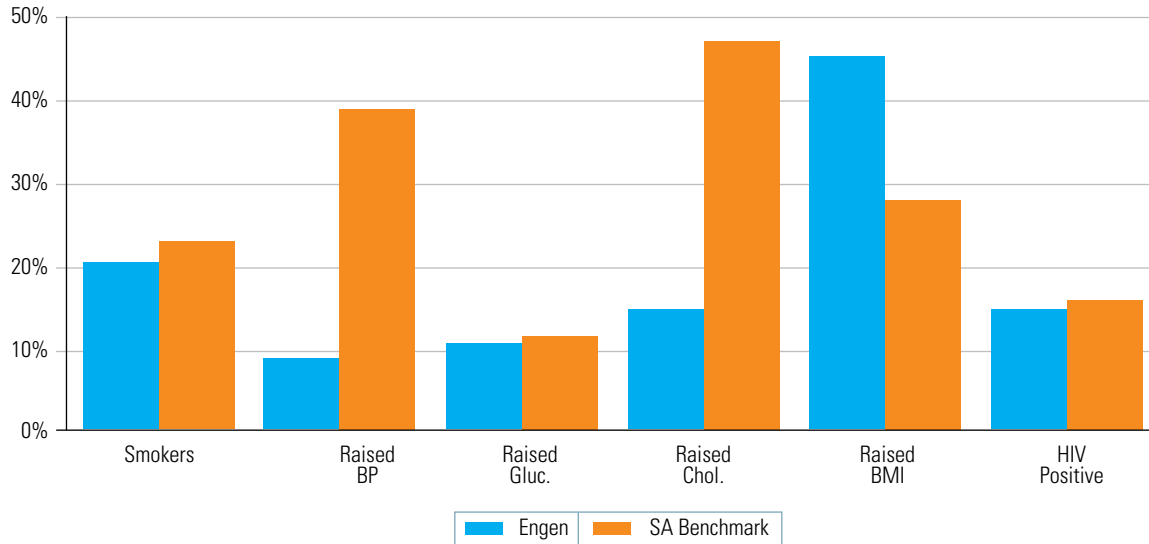
- *Health and Wellness Promotion (information and awareness)*
- *Annual Health and Wellness Medicals (personal health risk screening)*
- *Counselling and Support Services ("Employee Assistance Programme" / EAP)*
- *Nurse Based Primary Health Care Services*
- *Chronic Disease Risk Management*
- *Incapacity and Disability Management*

Engen's operational footprint is predominantly in emerging economies, where the "double burden" of chronic disease remains a significant business risk. The "double burden" refers to the adverse phenomenon faced by emerging economies in which both communicable diseases (HIV, TB, malaria; traditionally in poor economies) and non-communicable disease (diabetes, heart disease and cancer; traditionally in wealthy economies) play a role.

Research shows that smoking, lack of exercise and non-balanced nutrition are three key lifestyle behaviours that have the greatest contributions to causing the four most common non-communicable causes for premature death or disability (coronary heart disease, diabetes, respiratory disease and cancer).

Engen's integrated approach to employee health risk management addresses issues across the wellness continuum. The outcomes of the personal health risk screening programmes, as well as the statistics related to causes of incapacity, disability and premature death, provide useful guidance to the education and awareness drives. Our efforts to improve employee health linked to lifestyle behaviour have resulted in significantly better results from our employees compared to the SA Benchmark. The only area of concern remains the raised BMI and we have implemented programmes to address this. These programmes include sensitising employees to eating habits, inviting external speakers and developing a culture of healthy living.

Profile of Employee Health Risk Factors in Engen



Note: This plot shows employees found to have risk factors, not necessarily diagnosed with chronic disease.

An analysis of the chronic diseases prevalent in Engen illustrates the double burden of chronic disease very well, and is in keeping with the World Health Organisation (WHO) statistics for South Africa. The profile of dominant chronic diseases for 2015 was as follows:

For employees who have shifted to the left of the “wellness continuum”, and who now have established chronic disease, the focus is on preventing disease progression through effective control, which is exercised through the chronic Disease Care Plans available through the Engen Medical Benefit Fund.

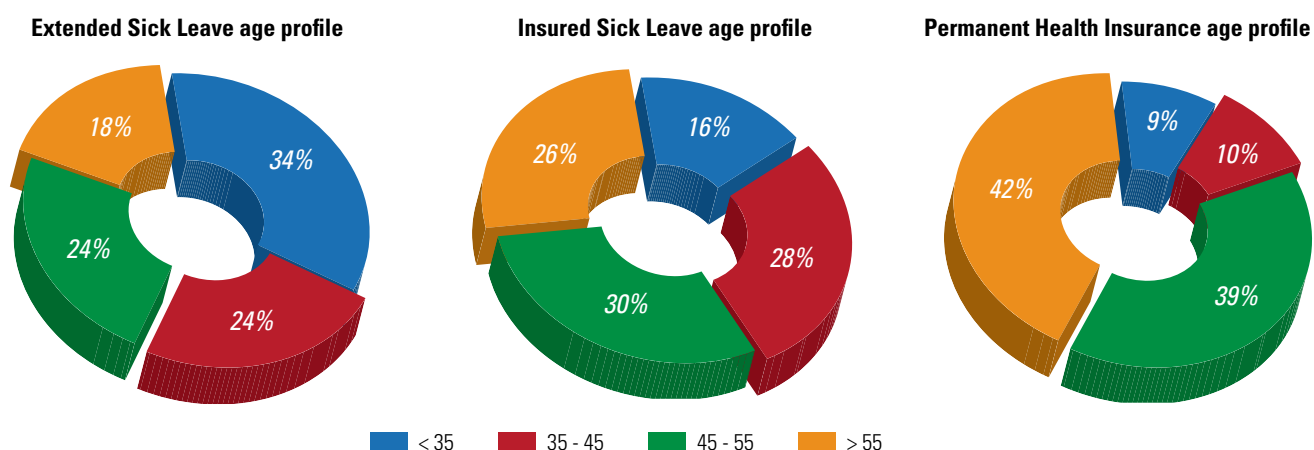
The majority of employees with a chronic disease, or who are HIV positive, have registered on a plan, or are not yet required to do so. The employees who are HIV positive and unclear whether or not to register on the HIV (ARV) programme are generally those who are well, and those who are not sure if they have actually been registered.

Engen monitors cases of incapacity very carefully, and has systems to try to intervene when employees at risk are identified. Notwithstanding all these efforts, some employees progress to incapacity then disability, and even premature death. For these, the objective is to optimise the access to disability and death benefits for the affected employees and their families.

From July 2014, Engen introduced a change to the sick leave policy for South African operations. This was aimed at better alignment with legislated basic conditions of employment in South Africa. To ensure that adequate cover was still available for employees with unexpected events requiring significant periods of sickness absence, additional health insurance was procured, where an affected employee’s salary for lengthy sickness absence (30 days up to 6 months) would be covered, subject to certain conditions (known as ‘Insured Sick leave’, or ISL). These absences were previously covered by Engen payroll, so the uptake and effective management of the benefit was of great importance to both Engen and its employees.

In addition, Engen also introduced a benefit for employees who, despite responsible and reasonable utilisation of their BCEA (Basic Conditions of Employment Act) sick leave benefits, experience a serious medical event that requires extended absence from work, not covered under the “insured benefit” option. This is known as “Extended Sick Leave”, or ESL, and is authorised through the organisational health staff. For this benefit, strict criteria are applied, in accordance with a written procedure. The maximum duration for which this benefit may be applied is 44 working days.

Profile of claims under the various “extended sickness absence” benefit options:



From the above graphs it can be seen that the utilisation of the three benefits shifts from a younger age group claiming ESL and an older age group claiming PHI, whilst the ISL claimants are in between. Given the nature of the claims for these three categories, this is what would be expected. The important findings from this analysis are that Engen has been able to shift the costs from payroll to the insurer, and also enable employees to get back to work. Previously, the employees in the middle group above (ISL) would either have been put on PHI, and therefore lost to the business, or the return to work process would have been funded by payroll.

Safety

Our efforts to create a safe working environment throughout our facilities continued to bear fruit in 2015. We report zero fatalities and we had an LTI-free refinery maintenance turnaround as well. Our focus during the course of the year was on improving our road transport related safety performance. We reviewed third party contracts and made significant changes to improve safety. We also bolstered the Health, Safety, Environment and Quality (HSEQ) section of our procurement by developing training material for prospective suppliers who meet B-BBEE requirements but need assistance meeting our strict safety requirements.

We make concerted effort to prevent safety incidents. This includes heightened awareness initiatives which form part of our business culture, including safety, as a topic in all meetings across the business. We also continued with an awareness initiative started in 2014 which aimed at creating a culture of ownership and care with respect to safety. In 2015 the programme involved extensive leadership engagement sessions for depot supervisors. The objective was to equip them with tools and techniques to enable them to cascade key HSEQ messages across their teams in field. The real benefits of this exercise are expected to be observed during the 2016 performance year while the employees get familiar with their new skill sets.

Another important development of 2015 was the Tier 3 audit conducted by PETRONAS on our corporate HSEQ. While the outcome of the audit was fair, there were still areas identified where significant improvements can be realised. Most of these improvements were implemented before the end of the year. We, however, continually seek new ways and methods in which we can enhance the culture of safety within the organisation and with the stakeholders we interact with.

Safety Performance

	2010	2011	2012	2013	2014	2015
Lost Time Injury Frequency (LTIF) (per 200 000 man hours)	0.24	0.25	0.24	0.18	0.12	0.14
Total Recordable rate (TRR) (per 200 000 man hours)	0.63	0.69	0.34	0.36	0.44	0.50
Work-related fatalities	1	0	0	1	1	0

The table above shows a slight increase in LTIF and TRR during the reporting period. We have identified key initiatives for 2016 to improve our performance in these areas. These include reinvigoration of our Zero Tolerance rules across the business and a continuation of our focus on incident investigation. In 2015 we spent a great deal of time developing capacity to ensure stronger bench strength for incident investigators. This is a critical preventative element since we use the outcome of investigations to identify weaknesses in our systems and then move to strengthen it going forward.



Our Relationships

The foundation for managing and building relationships with all our stakeholders is rooted in our stakeholder engagement policy. We remain firmly committed to engagement with our stakeholders and we continue to have many interactions, often partnering and collaborating with a broad spectrum of groups.

Engen operates in a complex industry within equally complex societies. We therefore place emphasis on ensuring that our operations and social interventions contribute meaningfully to socioeconomic development across all our markets. As a company, we strive to have mutually beneficial relationships with all our stakeholders to help ensure our sustainability and a prosperous future for broader society.

Stakeholder Engagement

It is widely accepted that organisations which have a strategic, uniform and co-ordinated approach to engagements are well positioned to demonstrate effective Stakeholder Engagement, resultant compliance with good corporate governance principles and consequently, substantial benefits across the triple bottom line. This approach not only results in the protection of the reputation and interests of the organisation, but also recognises and manages the interests and objectives of the Stakeholders that could be impacted by the organisation's operations.

Engen has a wide stakeholder base. This includes government departments, regulatory authorities and civil society, as well as our shareholders, suppliers, business partners, customers and employees.

The broad nature of our stakeholders means that many different views and expectations exist. We manage this by favouring regular engagement with all of our stakeholders. This is conducted in an open and honest manner, with frank discussion of issues that matter to our stakeholders and those that are material to our business operations.

Our engagement with stakeholders continued to take centre stage during the reporting period. With the adoption of the stakeholder engagement policy and framework last year, we developed a plan that covered all key stakeholders. This plan was informed by material issues (see below the Process to Determine Materiality) and it includes elements of company responsiveness to stakeholder issues.

We continue with our practice of embedding stakeholder engagement as part of the performance scorecard for executives. As part of the cascading scorecard, this filters throughout the organisation leadership structure and is linked to performance-based remuneration.

The Engen Stakeholder Engagement Forum, formed in 2014, continued to provide a platform for the consolidation of stakeholder engagement activities across the business. We also provided internal quarterly updates on key market developments that influence the relationship between the organisation and stakeholders.

As part of our stakeholder engagement process, we have clustered stakeholders into four high level categories. These include:

- *Authorisers: Stakeholders who have direct control on what business does in their respective spheres of influence;*
- *Partners: Stakeholders who participate and are key to our service offerings and products as part of our value delivery to customers;*
- *Associations: Organised business, industry bodies and national/international initiatives; and*
- *Influencers: Stakeholders who generally have nothing to gain from the business, but have an interest in the affairs of the business, usually on behalf of other interested and affected parties.*

Within each category are various stakeholder groups, as shown in the figure on next pages:

Engagement Channels:	Material Issues
Shareholders: - Quarterly reviews - Direct reporting by CEO - Executive committee meetings	- <i>Regional business climate</i> - <i>Transformation</i> - <i>Good governance and business ethics</i> - <i>Sustainable financial performance</i>
Government and regulators: - Engagement dependent on topic - Meetings - Written communications - Through industry bodies and organised business representation	- <i>Regulatory compliance</i> - <i>Transformation</i> - <i>Good governance and business ethics</i> - <i>Protecting the environment</i>



Engagement Channels:	Material Issues
Public and Local Communities, NGOs and Media: - Corporate Website - Annual report - 24-hour community line (Durban) - Representative community forum - Corporate Social Investment (CSI) - Enterprise Development	- <i>Protecting the environment</i> - <i>Responsible citizenship</i> - <i>Transformation</i> - <i>Regulatory compliance</i> - <i>Proactive stakeholder engagement</i>

Partners

- Business Partners and Customers
- Suppliers and Service Providers
- Employees

Associates

- Industry Bodies & Organised Business
- Professional Associations

Engagement Channels:	Material Issues
Business Partners / Customers: <ul style="list-style-type: none"> - Conference and trade shows - Customer Service Centre (CSC) - Web interface 	<ul style="list-style-type: none"> - Customer value creation - Business partner value creation - Transformation - Responsible citizenship
Suppliers: <ul style="list-style-type: none"> - Supplier Extranet - Service Level Agreements - Supplier Audits 	<ul style="list-style-type: none"> - Proactive stakeholder engagement - Good governance and business ethics - Transformation - Responsible citizenship - Safe and secure work environment
Employees: <ul style="list-style-type: none"> - Culture surveys - Meetings - Roadshows, annual events - Internal media - Formal platforms and forums 	<ul style="list-style-type: none"> - Employee value creation - Safe and secure work environment - Transformation - Sustainable financial performance

Engagement Channels:	Material Issues
Industry bodies and organised Business, and professional associations: <ul style="list-style-type: none"> - Meetings - Participation in events and organised initiatives - Participation specific committees 	<ul style="list-style-type: none"> - Regulatory compliance - Customer and business partner value creation - Safe and secure work environment - Regional business climate

The Process to Determine Materiality

In the context of sustainability, an issue is material if it has significant influence on the ability of the business to deliver value. Such issues have a strong influence on business-related decisions taken by the leadership and stakeholders.

In order to identify material issues for the business, we initiated an internal review of our stakeholder engagement process in 2013. This review resulted in the development of a process that covers all key stakeholder categories and the stakeholder groups within those categories. Since stakeholder engagement at Engen is decentralised and happening at various levels of the organisation, the focus was on the internal governance structures. These structures shape the organisation's responsiveness to stakeholder issues.

We have identified senior managers that play a pivotal role in stakeholder relationships across the business. Workshops were organised with these managers to better understand the status of the relationships, the key issues, the future outlook and mechanisms employed to strengthen these relationships. Such relationships include provisions enabling us to get feedback on our activities.

The material issues are then identified and agreed to by the business. These then guide our sustainability focus and inform the nature of the response and the frequency of the engagement.

Engaging our Stakeholders

The governance of stakeholder engagement within the business is done through stakeholder champions. These are people who act as critical stakeholder touch-points on behalf of the business. An annual review is conducted to assess the state of the engagement and review relevance of material issues and the strength of engagement channels used to facilitate communications. The resulting material issues are a product of consolidation of key stakeholder issues into core issues which are then prioritised within the business.

Community engagement – Refinery

At Engen, we are proud of our history of active community engagement, acting as responsible corporate citizen and participation in community projects in the area of south Durban where our refinery is located.

At the Refinery this engagement includes a forum, the Engen Community Stakeholder Forum (ECSF), which acts as a platform for information sharing and alignment of effort and strategic objectives. We have recently reviewed this forum and made significant changes to make it more effective going forward. Previously, as the 'Community Liaison Forum', it was mainly attended by Non-Governmental Organisations.

The reviewed and renamed ECSF is a far more inclusive entity. The focus is now on inviting a broader range of stakeholders, including civic organisations, educators, and union representatives, amongst other. Amongst these role-players, the ECSF focuses on providing a critical platform for multilateral information sharing on matters of common interest. The forum places particular focus on social issues, environmental issues, industrial relations and B-BBEE.

The ECSF continues our tradition of disciplined community engagement driven by key issues of mutual interest. The forum sessions are managed through an independent facilitator and attended by four community groups and Engen representatives. Each community group consists of one or more thematic clusters that cover non-governmental organisations (NGOs), civic organisations, schools and school related representatives, unions and small businesses.

There is a minimum of four meetings for the ECSF per year. Special meetings are called depending on need.





Involvement in External Initiatives

Engen has always recognised that it forms part of a broader social community and we participate in a number of initiatives to support sustainable development. Areas of involvement have included participating in various national policy making processes (as per government process), government issues involving legislation relating to environmental protection, occupational health, social transformation, taxation, water resources preservation, climate change and energy management, amongst others.

We are involved in discussions within the oil industry through the South African Petroleum Industry Association (SAPIA) where we participate in the eight committees that cover legislation, engineering, product specifications, natural resources and climate change topics on behalf of the industry.

Engen continues to be 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. This involves participating in NBI forums, including the NBI Energy Efficiency Leadership Network (EELN), which holds meetings on a monthly basis to discuss and share experiences on various energy efficiency initiatives. These energy efficiency initiatives feature liaison with government authorities on energy and climate change policy and processes. Engen is a member of the EELN Advisory Committee.

We hosted a number of the South African National Energy Association (SANEA) forums in Cape Town, 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 further addressed through business associations such as Business Unity South Africa (BUSA) and the South African Chamber of Commerce.

To support the development of relevant industry standards, we participate with the South African Bureau of Standards (SABS) in the working groups and international plenary committee meetings involved in the development and adoption of ISO standards.



Corporate Social Investment (CSI)

With a diverse range of business operations across sub-Saharan Africa and the Indian Ocean Islands, Engen is always conscious of the need to touch the lives of the local community wherever we operate.

Through our CSI office we largely support education, health and safety, and community development programmes that help enrich people's lives and empower them with knowledge and skills.

Engen's community activities address societal needs in a consistent and sustainable manner, providing opportunities for communities to lead better lives, and contribute towards the development of nations where we operate. We work in partnership with local communities, industries and governments to meet common societal development objectives.

Engen is part of various communities through which emerge future employees and leaders that will take our organisation into the future with confidence. We pay particular attention to the alignment between the relevant national imperatives, the organisational focus and community developmental aspirations. Our CSI programme has therefore been designed to achieve mutual benefit for all stakeholders.

In 2015 we continued with our programmes discussed in our previous report, in most cases reaching new audiences and expanding our social impact.



Educational Support to External Stakeholders

Education is a critical priority in all of the countries in which we operate and an area that has significant impact on the future success of the African continent. At the same time, as a company we rely on national education systems to produce a consistent pool of highly qualified technical and commercial graduates to take our business into the future.

South Africa - Engen Maths and Science Schools

In South Africa our focus on Education aims to drive the development of a growing pool of technical and commercial human resources, providing supplementary support to government efforts to promote Maths and Science education. Our investment is aligned to the Engen bursary programme and skills development scheme to ensure continuity and to maximize Engen's investment on all fronts.

Currently, Engen supports nine Maths and Science Schools across South Africa, including four in the areas around our refinery in South Durban:

- *Eastern Cape – 3 centres*
- *Western Cape – 1 centre*
- *Gauteng – 1 centre*
- *KwaZulu-Natal – 4 centres*

The Engen Maths and Science School (EMSS) programme exposes learners from grades 10 to 12, who show potential in maths and science, to high-quality teachers and educational materials.

For the 2015 programme, a total of 1 894 learners were accepted into the programme. The programme incorporates elements of Black Economic Empowerment (BEE) and gender diversity with 1 030 (54%) of the learners being female and 97% of the total learner population being black. Engen Maths and Science Schools' matric pass rate for the past five years has been over 90%, which is well above the national average. The EMSS programme benefited from a total of 42 currently practicing educators who develop lesson plans, deliver lessons, develop and mark term tests for the students. There is a co-ordinator appointed for each centre to support the educators. Furthermore, the educators are empowered not only through additional financial resources, but from the experience of teaching a broad range of learners from various social backgrounds.

The EMSS programme has produced significant social value and we are always looking at new ways to improve. We have also introduced a "buddy system" across all centres. This system assists learners in forming study groups that can continue between learners beyond the programme. This helps ensure learners maintain their focus on their studies beyond the programme and creates a sense of support and camaraderie in respect of their common goals.

South Africa – Schools for children with disabilities

In 2015 Engen gave ad hoc financial assistance to various schools, places of learning, and places of safety that focus on children with disabilities. This serves to empower these learners, contributing to their self-development and independence, and increasing their likelihood of entering the workplace, thus enhancing their overall quality of life.

The following organisations received assistance:

Western Cape:

- *Athlone School for the Blind: Training and stipends for classroom assistants who provide assistance to blind and visually impaired Educators; and*
- *Work 4 You: a Non-Profit Organisation who support young people living with intellectual disabilities by providing a work skills training programme and work placement. People have been placed in employment at companies such as Merrypak and Spar, amongst others.*

Gauteng

- *Sithandiwe Disabled Care Centre: a Non-Profit Organisation who provides a safe haven for physically and mentally disabled children.*

Eastern Cape:

- *Khanyisa School for the Blind: Mattresses and blankets to Partially Blind and Blind learners who board at the school.*

Mauritius - Centre for the Education and Development of Mauritian Children

The Centre for the Education and Development of Mauritian Children (CEDEM) is an NGO assisting various categories of vulnerable children, including those with disabilities, orphans, victims of abuse, the poor and street children. It provides a range of services and socio educational project activations. One of its primary objectives is to provide vulnerable Mauritian children with a complete education that is not only based on academic knowledge but also on life skills. CEDEM also actively campaigns in the areas of survival, protection, development and children's rights. In 2015 Engen provided monetary support to improve the recreational area, playground and garden of the centre.

Mauritius – Caritas Nursery Project

Engen is helping finance the Caritas Nursery Project at Crèche Ste Anne in Port Louis. The aim of the project is eventually to demolish an existing building and build a new one complete with music, video and playground facilities that are required to ensure early childhood development of infants.

Botswana – Library at Kgomodiatshaba Primary School

Engen assisted with the provision of library services for Kgomodiatshaba Primary School. This helped facilitate a learning environment which will improve learner performance through the provision of educational materials, shelves, chairs, tables, educational posters, rugs and bean bags. Children who attend Kgomodiatshaba Primary School have limited access to educational facilities like books and computers. Air-conditioning was also installed in the library with Engen's assistance.

Engen was inspired to help Kgomodiatshaba Primary School because one of the seven pillars of Botswana's 2016 Vision is to have 'an educated, informed nation'. In collaboration with the Ministry of Education, Skills and Development, Engen heeded the Botswana government's call for the 'Adopt a School' programme whereby the private sector and the community are urged to assist government to achieve its goal of having an educated and informed nation.

Health and Safety Support to External Stakeholders

Engen's focus on Health and Safety is deeply aligned to our business and our operations. The role of CSI in this area is to facilitate a shared company-wide approach to these important issues. Within this, we seek social investment opportunities that will be good for our company, whilst also benefiting the communities in which we do business.

South Africa - Driver Wellness

Engen and Trucking Wellness, an initiative of the National Bargaining Council for the Road Freight and Logistics industry (NBCRFLI), joined hands for the fifth consecutive year in 2015 to facilitate the annual Driver Wellness programme. Driver Wellness is an annual initiative aimed at educating long distance truck drivers about the importance of maintaining a healthy lifestyle.

Engen believes that by raising the awareness of professional drivers regarding their health and chronic disease will encourage them to make positive lifestyle changes. This is something we believe will have a direct impact on road safety.

In 2015 our Driver Wellness programme continued its focus on the wellness of employees in the road freight business, including many employees of our third party contractors. Over the course of the year we were able to reach targeted stakeholders through events held at 20 venues across four provinces in South Africa, namely: KwaZulu-Natal, Eastern Cape, Gauteng and Western Cape.

The Driver Wellness programme conducts voluntary assessments for drivers for chronic diseases that are manageable with proper medical attention. The tests conducted include assessment for:

- *Total Cholesterol*
- *Total Glucose*
- *BMI*
- *Blood pressure*
- *HIV status*
- *TB symptoms*
- *STI symptoms*

A total of 8 659 tests on 1 504 individuals were conducted during the course of 2015. This is more than the 7 181 tests on 1 329 individuals achieved in 2014 and shows a growing interest in the programme.

South Africa - Phambili Roadshow (Forecourt Wellness)

The Phambili Roadshow focuses on medical/wellness screening for our forecourt attendants in South Africa. For 2015 the focus of the programme was on glucose, blood pressure and cholesterol levels. A total of 574 individuals participated in the programme across five venues, namely: Port Elizabeth, East London, Bloemfontein, George and Nelspruit.

This attendance was much smaller than in previous roadshows that were done in bigger centres and metros. Regardless, 2015 served to take this programme away from large cities to communities that usually do not receive as much attention as their metro counterparts. A number of participants were also familiar with the Driver Wellness programme, suggesting that even though the Driver Wellness programme was targeted at professional drivers, it has attracted interest beyond bulk truck operators.

South Africa - Paraffin Safety

The Engen's KlevaKidz campaign educates rural and township communities about safe handling and storage of paraffin. Launched in 2008, KlevaKidz employs a unique form of industrial theatre that takes the form of an interactive educational stage drama. The format uses a television quiz show environment as a vehicle for relaying the message – in the learners' mother tongues - combined with a jingle to reinforce the theme.

Over a period of three years since 2013, a total of 284 schools in eight provinces where the household use of paraffin is widespread and paraffin-related accidents are common, have been visited by the Klevakidz campaign. During this period, 105 000 learners were part of the experience.

A survey conducted before the show revealed that an average of 23,3% in 2015 would offer milk to a victim of paraffin ingestion. A survey conducted after the show saw this number decrease to 3.3%. An average of 96.6% indicated that they would practice the safest method by not offering anything but seek emergency medical assistance.

After research conducted in our previous reporting cycle, the age group targeted for the Klevakidz campaign in 2015 was lowered from age groups between 9 and 13 to those between 7 and 11 years of age. This followed engagement with educators and school principals who indicated that younger children were handling paraffin in households.

The Klevakidz campaign remains the same in featuring an interactive theatre show that features a cast of multilingual performers. It is performed in the mother tongue of the target school. Children are also taught the Klevakidz jingle which summarises the core message of paraffin safety.

Malawi – Diesel to Malawi Police Services

In 2015 Engen provided diesel to the Malawi Police Services to support their efforts to sensitize members of the public on the dangers of criminal activities involving the abduction and murder of people with albinism.

Mauritius – Cancer Support

Engen again supported 'Link to Life' an NGO focused on the provision of counselling for cancer patients from vulnerable groups. Our assistance in 2015 helped launch a second therapy centre in the north of the country, where free cancer screening and group therapy is provided. The decision to partner with 'Link to Life' came from the recognition that cancer has an increasing impact on many people across the broader Mauritian society.

Community Outreach

Engen strives to be a caring and responsible corporate citizen. As such, we support deserving initiatives that endeavour to enhance people's lives in meaningful ways on an ad hoc basis.

South Africa - Artisan skills training

In 2015 we continued our support of artisan skills training through equipment donations to local organisations working in the field. We also supported a variety of non-governmental organisations, particularly in the area surrounding the Durban Refinery where we have been involved in capacity development initiatives for members of NGOs to better understand the requirements of B-BBEE and the Non-Profit Organisations' Independent Code of Practice. This serves to facilitate a better understanding of both the governance requirements and operational requirements.

South Africa - Community Computer School

The Engen Community Computer School offers credits towards nationally recognised certificate (NQF Level 3) computer courses to members of the South Durban community. Attendees learn how to operate personal computer systems and other basic computer literacy. The school currently provides computer skills to approximately 300 students annually. Over 700 learners have graduated from the school and over 250 students have subsequently gone into permanent employment since its inception.

Mauritius – Poverty alleviation

Engen continued to support Caritas, an organisation that aims to “rehabilitate the poor, the excluded and the oppressed by welcoming, listening to, visiting and accompanying them, so that they can recover their dignity and together build a fair and supportive community.” Currently, 50,000 marginalised people benefit from the assistance Engen provides to Caritas.

Employee and Dealer Partnership Project

We encourage our employees and dealers (retail site owners) to be actively involved in community development through initiatives developed and managed independently by them.

Where possible, Engen supports initiatives that are important to our employees. This builds goodwill with our employees as it shows that we value and care for the communities of which they form part. To this end, employees are able to apply for funds to the value of R5 000 per year to be donated to a developmental organisation of their choice or to be used to purchase much needed equipment for these organisations. In 2015 about 200 employees participated in this programme providing assistance to a variety of organisations in partnership with Engen.

Recognising the effects of winter on the less privileged, we again held our annual Winter Warmer Campaign which, in 2015, donated more than 500 blankets and comforters, some knitted by employees, to various Children’s homes and Old Age homes in the Western Cape, KwaZulu-Natal and Gauteng. We also had a ‘Festive Giving’ initiative whereby employees came together to donate food hampers to those in need over the December holidays in order to uplift the spirit of those in need.

In the Eastern Cape province of South Africa, Engen donated R50 000 to Ekuphumleni Old Age home for refurbishing after a fire destroyed most of their furniture. Ekuphumleni Old Age home is the only facility catering for the aged community in the Nelson Mandela Metro Township area. The Minister of Defence and Military Veterans, Mrs Nosiviwe Maphisa-Nqakula and the Eastern Cape MEC for Social Development, Mrs Nancy Sihlwayi, were present to hand over the newly revamped old age home.

A total of 70 Dealers participated in various outreach initiatives in 2015 where Engen matched their financial commitment to their selected NGO’s and community development organisations thus giving impetus and proof points to our brand essence of “What matters to you matters to us”.

Recognising the broad need to improve literacy levels, Engen donated nine Mobile libraries to Durban East Primary School in Durban, South Africa. The school had indicated a challenge in improving reading for their learners. Our donation will make a significant contribution in the provision of material for the children to improve their reading skills.

As a company Engen is uncompromisingly committed to Health, Safety, Environment and Quality (HSEQ). When we were informed that a children’s playground near one of our distribution terminals in Durban was not fenced and presented a safety risk for children, we moved to donate a security fence to the eThekweni Municipality to secure this area. The donation was welcomed by the local community and the Municipality as it increased safety for the community.

Engen is defined not only by our operational excellence, but by the way we do things – how we engage with our stakeholders and how we conduct ourselves. By conducting business with integrity, mutual respect and understanding, and by making a positive difference to the lives of the communities in which we operate, we continue to earn the trust of our stakeholders and thereby our licence to operate.

Sponsorships

Engen's sponsorship portfolio continued to focus on its three core strategic pillars of brand stature, product relevance and brand engagement in the activation of its sponsorship programmes in 2015.

Football

Sponsorship activations within football remained a key driver in delivering brand stature attributes. Engen continued its sponsorship of South African Premier Soccer League team, Supersport United. The club finished fifth in the 2014/2015 Premier Soccer League (PSL) and performed well in cup competitions progressing to the final of the prestigious Telkom Cup. The partnership delivered numerous stakeholder engagement opportunities which included youth coaching clinics, community CSI activations and staff interactions.

In the year under review, Engen celebrated another successful staging of the annual Engen Knockout Challenge (EKOC) under-17 football tournaments. This was the 12th year of our investment in youth football development through the EKOC.

Activated in five provinces across South Africa between June and August, the EKOC has established itself as one of the country's premier youth football programmes. It has also been acknowledged as a key football programme within the South African Soccer Association's (SAFA) technical youth master plan.

Since its inception in 2004, the Engen Knockout Challenge has seen over 22 000 young football hopefuls participate. In this time, over 100 talented players have progressed into professional and semi-professional structures within the sport.

The second staging of the Engen Champ of Champs youth football tournament also took place in 2015. This saw the regional Engen Knockout Challenge Champions battle it out for the coveted national title. Engen Champ of Champs has fast established itself as an essential scouting ground and has generated interest from national selectors and talent spotters from professional clubs both locally and abroad.

Our football sponsorship generated R94.7 million in media value which constituted 52.1% of Engen's overall sponsorship media value return.

Motorsport

Engen's long and successful association in Motorsport continued in 2015 with sponsorship of the Xtreme Audi team and the Engen Volkswagen Cup series, the latter having strategic commercial partnership linkages to Volkswagen South African and the supply of product to the automaker's production plant.

The Xtreme Audi team continued to contribute to the awareness of the Brand's top tier automotive lubricant and its "proof-of-performance" positioning. It was also an influencing force in the retention of present service franchise dealership customer business.

The team repeated their 2014 performance by finishing second in the 2015 National Production Car Championship, having won the country's premier saloon car accolade between 2011 and 2013.

Both programmes remain valuable contributors to Engen's product relevant attribute and generated R 27.5 million in media value in 2015.

Cycling

Sponsorship of the Engen Cycle in the City events continued in 2015 in both Durban and Cape Town. The criterium cycling festivals promoted cycling in a controlled and safe environment. In 2015 it included a new focus on entertainment and exhibitions for the family.

Engen staff participation and engagement in the events was added, which was a particular success in Cape Town.

The sponsorship continues to play a key role in brand engagement with the motoring market through regional retail in-store promotions.





Protecting the Environment

As a responsible oil company, we are committed to sustainably meeting our customers energy needs by minimising our impact to the environment, including integrating environmental considerations throughout our business activities.

Natural capital is the source of our critical raw materials such as water and energy. It also performs critical ecosystem services in regulating disease spread, disease vectors and providing a living for communities as well as acts as an input into various areas of society. It is for these reasons that environmental sustainability is a prominent feature of our business strategy. We are committed to prevent and reduce the negative environmental impacts of operations and to strengthen our positive environmental impacts.

We have developed strong policies and procedures to guide our activities. We proactively engage with regulatory authorities and industry bodies to ensure compliance with applicable laws and make credible inputs into new regulatory regimes. We have a well-entrenched culture of risk management and we have a dedicated team focussing on Health, Safety, Environment and Quality (HSEQ) assurance where environmental matters are included and all systems in place to protect the environment are assessed and strengthened.

To ensure quality reporting, we also invite independent auditors to assess our systems and identify areas of improvement within our systems. These audits are not conducted annually, but they are planned to be a regular feature at regular periods going forward.

Environmental Management

The PETRONAS Mandatory Control Framework (MCF) remains a critical internal standard on how we conduct our business. It allows for a consistent application of systems and processes across our operations and it provides minimum compliance requirements across the following six environmental elements for the business:

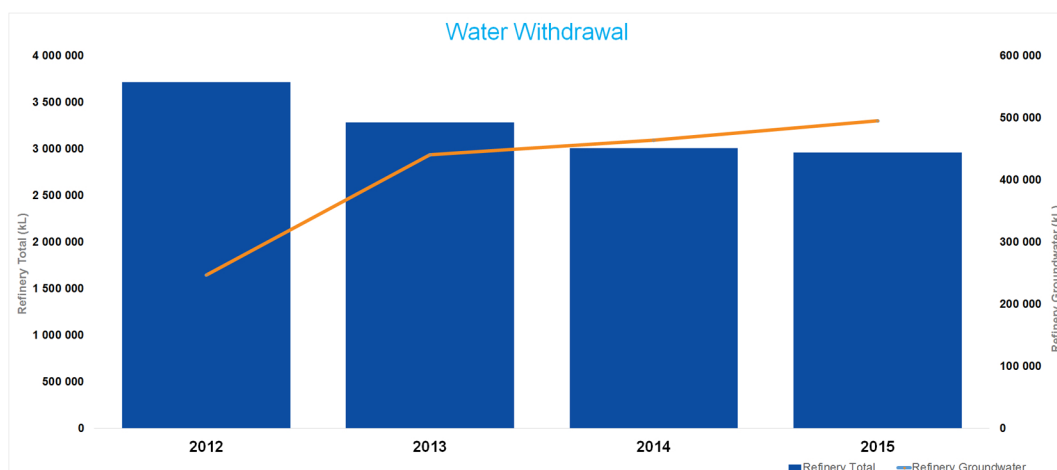
- *Water*
- *Energy*
- *Climate change*
- *Atmospheric emissions*
- *Hazardous and non-hazardous waste*
- *Loss of Primary Containment (LOPC) incidents (including product spills)*

Fresh Water Management

Globally, there is growing pressure on water resources, stemming mainly from increased resource use intensity linked to economic growth, climate change, non-optimal management and use of the resource and pollution of some of the water bodies. Growth for business is becoming intrinsically linked to water supply security, in some of the water stressed areas in Sub-Saharan Africa. Recognising this, we applied a methodology developed by PETRONAS to calculate water availability for our South African operations.

Many of our facilities in South Africa operate in areas with severe water scarcity as per OECD definition. We have, as a result, embarked on an effort to develop an adaptation plan for facilities most at risk and we will be finalising this plan during the course of 2016. In the meantime, we have implemented water saving initiatives at our refinery in Durban. The refining process accounts for the majority of our water requirements and it remains a focus of our efforts.

We have also reaped significant benefit from the water data quality assessment which was done last year with the help of external auditors. This has resulted in scope adjustment and a general improvement in our data quality. As part of our efforts in 2015, we also introduced the inclusion of water as part of the hazard identification process. This is work in progress and we will be looking at formalising it going forward. However, it promises to be a good way to assign severity of water shortages to specific facilities at operations level. This, coupled with probability of a major drought event, will allow assignment of risk rankings to the water supply at facility level.



The Refinery has continued to show improvements in systems efficiency and reliability, as well as better water management during 2015. Decreases in fresh water withdrawal are attributed to a reduction in throughput and successful water efficiency initiatives such as improved management of cooling water blow downs and increased use of borehole water. This resulted in significant water savings for the 2015 reporting year and consistent with the positive trend in water saving over the past four years.

We have also decreased the amount of treated municipal water into the refinery and supplemented the difference with groundwater. Effectively, this makes more municipal water available for other municipal users in the area and it also reduce cost of water to the refinery. The Durban catchment is one of the most affected by the drought event. Optimal water use initiatives for facilities in the area will continue to unlock better water efficiency.

The Engen Sales and Marketing division data quality and improvements drives has led in water data accuracy and addressed minor overestimation of water consumption. This, together with optimisation of water use during equipment and surface washing and water restrictions have resulted in our reported water use showing a consistent reduction over the past four years of 10681kL. Our Lubricants Oil Blend Plant (LOBP) implemented good resource use reduction initiatives, which included the reduction of the number of wet firefighting exercises. Over the past four years, water use as a part of lubricants production decreased by 17147kL.

Our focus now is in developing adaptation systems for high risk facilities and completing data quality assessment for our International Business Division (IBD) affiliates.

In response to significant challenges presented by the drought conditions in South Africa, we built 6 bioreactor plants to treat waste water effluent from some of our Engen 1-Stop sites. The sites where the treatment has been complete include:

- *Waterside site*
- *Swartland 1Stop*
- *Grasmere 1Stop*
- *Kroonvaal 1Stops (1 plant for 2 sites)*
- *Highveld 1Stop (1 plant for 2 sites)*
- *Blockhouse 1Stop ((1 plant for 2 sites)*

The installation of these plants is in line with our objectives of efficient resource use while maintaining high levels of quality of service to our customers.

Energy Management

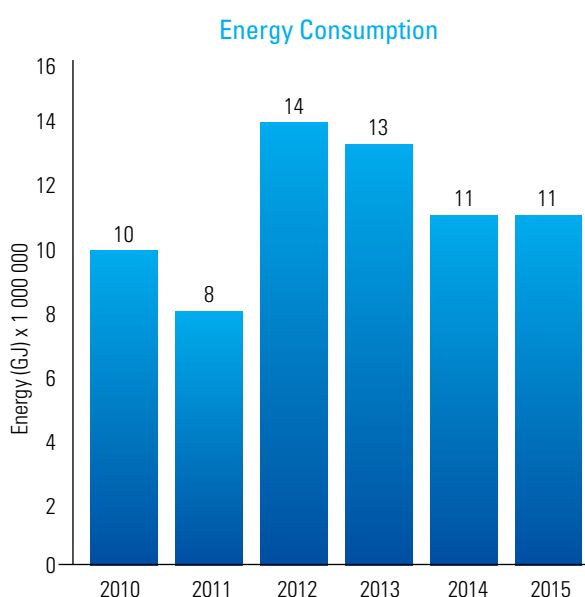
Energy supply has become an important topic for a number of states in sub-Saharan Africa. It has become a critical requirement that business finds new ways to decouple growth from energy consumption. The landmark signing of the COP21 agreement late in 2015 underscores the importance of this and emphasises the importance of developing lean organisations for a sustainable future.

In managing our energy consumption, we partner with external stakeholders and leverage resources whenever possible. It is for this reason that we have maintained our role as an active participant of the Energy Efficiency Leadership Network (EELN). During the reporting period our energy efficiency activities featured in a report published by the National Business Initiative as part of the EELN programme where our 2014 performance was discussed.

We also participated in the Private Sector Energy Efficiency (PSEE) programme of the NBI which included identification of energy efficiency opportunities. The programme also covered training and implementation of EnMS 50001. The project is now complete and, as we move towards implementation, the next steps will be planning and consolidation of activities.

As a continuation of our energy efficiency at our retail sites, all new developments feature energy efficient LED lights as standard. In instances where we upgrade sites, we also include an LED package as part of the upgrade. Installations would vary for different upgrades and circumstances.

In Reunion, we started the development of an eco-friendly service station to service the community of Beausejour as part of the "Eco-city" development.



Climate Change and Greenhouse Gas Emissions

The COP21 Paris agreement reached by 195 countries in 2015 is, arguably, one of the highlights of the year within the climate change space. It is expected that in April, the agreement will be signed and adopted, which will inevitably translate into a number of legislative developments and climate change initiative across the globe as participating states begin to align with the requirements of the agreement. What really sets this agreement apart is that climate change targets and budgets are tailored to meet the needs and realities of each state. Moreover, each state determines its own targets and initiatives based on its capacity and resources. There is still a funding element for non-annex 1 countries to support implementation.

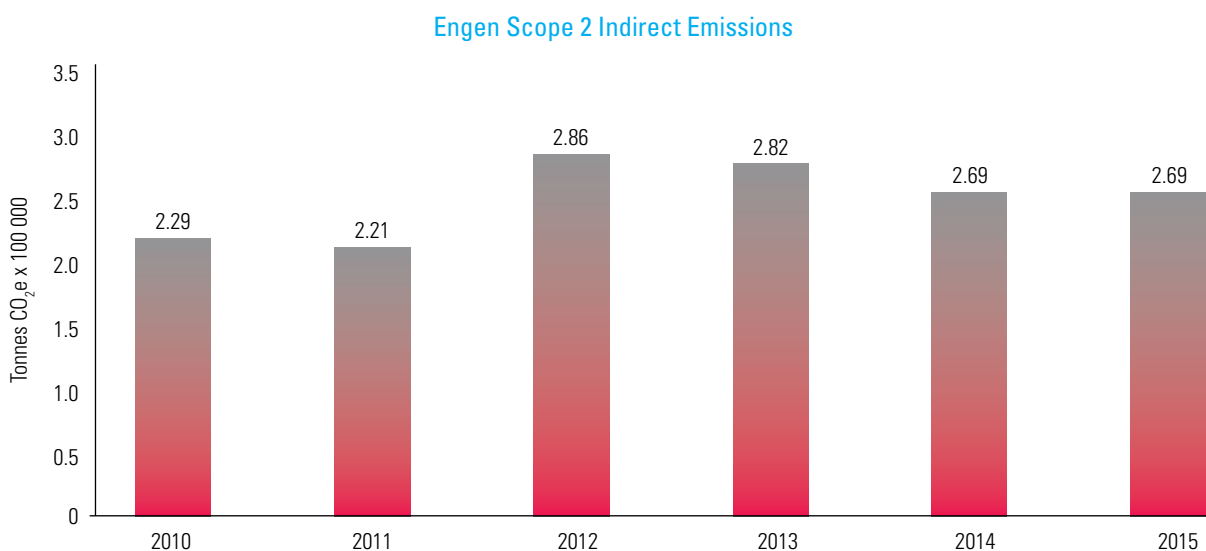
During the same year, an unusually strong El-Nino brought severe drought to various states within the Sub-Saharan Africa. Ultimately the drought had an impact on the economy, the price of certain water-dependent goods and triggered water restrictions in a number of highly stressed catchments. This happens at a time when a number of regulations relating to carbon emissions are under review in South Africa. These include the:

- Declaration of carbon as priority pollutants
- National Pollution Prevention plans regulations
- Greenhouse Gas reporting regulations
- Carbon budgets
- Implementation of carbon taxation

One of our key focuses has been data quality and we have conducted a number of audits, including independent assurance, to test for weaknesses in our control systems and improve data accuracy. The results of these efforts have been positive and we are now a participant in the first phase of the carbon budgets submission, which will run until 2020.

Greenhouse gas emissions are intrinsically linked to energy consumption and our efforts to improve energy efficiency will ultimately reduce scope 1 and scope 2 emissions.

The data quality improvement initiative, which started in the 2012 performance year had an impact on our scope 2 emissions data, which increased slightly due to changes in calculations and boundary settings. However, since then the trend has been stable, particularly between 2014 and 2015 despite a slight increase in refinery throughput. This is mainly due to improvements in process efficiencies.

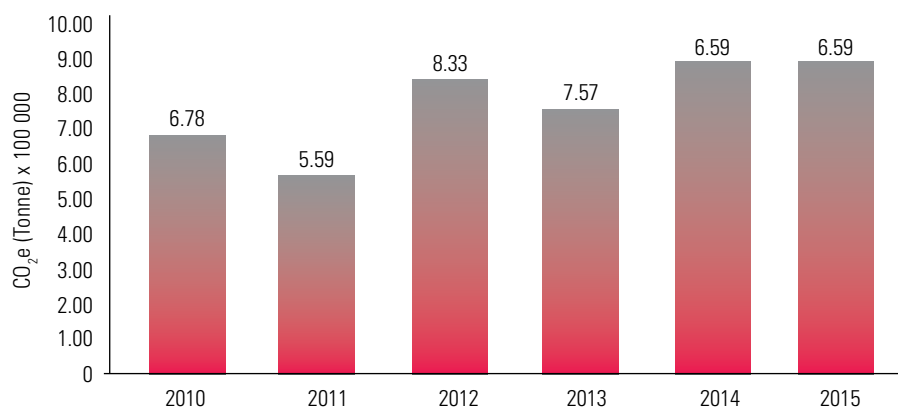


As a continuation of our energy efficiency at our retail sites, all new developments feature energy efficient LED lights as standard. In instances where we upgrade sites, we also include an LED package as part of the upgrade. Installations would vary for different upgrades and circumstances.

In Reunion, we started the development of an eco-friendly service station to service the community of Beausejour as part of the "Eco-city" development.

Having already converted from fuel oil to fuel gas, the refinery scope for greenhouse gas reduction is limited to high cost engineering options and scope 2 energy efficiency initiatives (mentioned in the energy management section). Currently scope 1 emissions are coupled to throughput and can be affected by shutdowns depending on the length of the shutdown and operating units involved.

Engen's Scope 1 Emissions



During the reporting period, we participated in the voluntary carbon budgets programme managed by the South African Department of Environmental Affairs. This programme will run until 2020 and will see the Department of Environmental Affairs allocating carbon budgets to participating companies. The companies will then report annually on their efforts to stay within the allocated budgets over the duration of the programme. The programme is designed to identify real-life impacts of the system. Its outcome will eventually inform Phase 2 of the carbon budgets programme planned for implementation post 2020.

Atmospheric Emissions

At Engen we recognise the important of the natural capital and we are keenly aware that production activities, while producing value and access to affordable energy, can have a negative impact on the atmosphere. We therefore invest resources and time to ensure we meet all applicable regulations and reduce our impacts to the natural capital. We also apply international guidelines, with assistance from PETRONAS, to monitor and track our performance against key performance indicators. In our previous report we detailed the independent assurance we initiated to assess our atmospheric emissions.

One of the outcomes of this process was a need to review and update our emission factors. We have done this and some of our 2015 figures (presented in the table below) have been recalculated based on the revised factors. The largest impact of this can be seen in the particulate matter which was reported at 2017 tonnes in 2014 and is now reported at 83 tonnes. The new factors are based on USEP-AP42 where applicable as well as studies in the event that the AP42 does not have factors specific to our conditions.

Refinery Air emissions

Atmospheric emissions (tonnes)	2012	2013	2014	2015
Refinery SO ₂	2667	2480	2240	2150
Refinery NO _x	-	-	1044	1054
Refinery filterable Particulate Matter	241 [#]	251 [#]	217 [#]	83 [*]

** Total Particulate Matter (2015 factors based on USE EPA-AP42)
Filterable Particulate Matter*

To further reduce VOC emissions, we have installed VRUs at some of our operations, this also improves our material efficiency by capturing carbon that would have, otherwise, escaped operations into the atmosphere and brings it back into circulation.



Waste Management

The majority of our waste originates from our refining process. Waste from refining ranges from inorganic to organic waste consisting of spent catalysts, contaminated soil, off-spec product and waste that comes from clean-up operations and shutdowns. We have continued our efforts to reduce waste production which saw the total amount of hazardous and non-hazardous waste disposed decreasing despite a decrease in waste recycled. These improvements can be partly attributed to the completion of legacy waste clean-up from decommissioned tanks and has resulted in an almost threefold decrease in hazardous waste disposal and a threefold decrease in non-hazardous waste disposal compared to 2013.

Refinery waste management (tonnes)		2011	2012	2013	2014	2015
Hazardous waste	Generated	10 386	14 256	20 349	9 462	5 278
	Recycled	6 871	10 737	10 242	3 766	1 685
	Disposed	3 515	3 519	10 107	5 696	3 593
Non-hazardous	Disposed	1 343	2 734	10 221	1 778	3 124
Total disposed to landfill		4 857	6 252	20 328	7 474	7 717

The reduction of legacy waste related to soil contamination has resulted in a reduction in both hazardous and non-hazardous waste generated for the year. Our efforts to reduce the disposal of hazardous waste have seen it drop from above 10 000 tonnes at its peak in 2013 to 3 593 tonnes in 2015, a decrease of 64.5% over the three years.



Loss of Primary Containment (LOPC) and Spill Management

LOPC refers to an unplanned or uncontrolled release of any material from its engineering containment. If the material released is contained within a designated secondary containment receptacle or bunded area, it remains an LOPC, but is not referred to as a spill. A portion of LOPC that escapes the secondary containment is also logged as a spill. Our LOPC classification takes into account the flashpoint of the liquid as per API Standard 754.

Loss of Primary Containment (LOPC) incidents, which include potential spills to the environment, represent a potential for soil and groundwater contamination. To minimise its occurrence and impact, the LOPC reduction programme was launched in 2012. This programme has reduced the number of major LOPC from 20 in 2011 to seven in 2014. The increase in volume to 257 cubic meters was due to a single pipeline incident accounting for 91% of the major LOPC volume for the year. We were fortunate that the product was contained in the secondary containment. We are tightening our systems to guard against these infrequent but high impact events that result in large volumes escaping containment. This programme is now being expanded to cover retail site deliveries as well.

In 2014 Engen started a Spill Response Strategy to identify and pre-approve spill response companies that would respond to spill incidents in Engen's footprint in South Africa. A yearly performance review, undertaken by Engen, will ensure that the service providers continue to meet the competences required to clean up spillages. The aim of the strategy is to have a service provider in each region to enable prompt response during spillages. This will enhance our efforts to reduce the impact of environmental spillages which, despite an increase in the volume of Major Spills, have decreased from 105 in 2013 to 17 cubic meters in 2014.

Number and volume of LOPC and Spills

	2012	2013	2014	2015
Number of Major LOPC*	20	11	7	7
Volume Major LOPC (kL)	124	157+	257	56.6
Number of Major Spills (> 7bbl)	6	5	4	4
Volume of Major Spills (kL)	58	105	17	27.4

The number of major LOPC and spills have remained unchanged at 7 and 4 respectively compared to the previous reporting period. We have, over the years, made significant gains in keeping these incidents at a minimum and our vigilant attitude is beginning to bear fruit. We have also increased our efforts to prevent the occurrence of high impact LOPC where large volumes can escape containment. This is seen by the significant reduction in volume from major LOPC decreasing from 257kL to 56.6kL. Our spill response programme has, in part, contributed in maintaining a low conversion of LOPC into spills. We still saw an increase in spillage volume from 17kL to 27.4kL. We are in the process of implementing corrective actions to reduce this going forward.





Transformation

Meaningful Black Economic Empowerment and transformation in the South African oil industry remains central to the future of the industry. We do not view it as a legislative requirement but as the right thing to do. Engen firmly recognises that our sincere participation is an essential part of our future success. Accordingly, strategies and plans have been developed and are being executed to progress this important issue.

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.

Our 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 extends to Engen's employees, dealers, suppliers, business partners and the wider community.

Our transformation programme is also 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 corporate reputation, business growth and sustainability are strongly linked to how progressive our policies are. We would like our employees to see the value proposition in our fair and equitable employment policies. Business BEE enterprise development and socio-economic initiatives have enhanced Engen's position as a company of choice.

Effective and meaningful transformation requires a focused cultural shift, and Engen's transformation strategy forms part of an integrated business plan. Since transformation objectives have been incorporated into the Engen Balanced Scorecard they have been expressed and cascaded down and throughout the business which leads to more effective planning and execution of each B-BBEE element by the organization. It is worth noting that the recent amendments to the B-BBEE Codes of Good Practice as published in the Government Gazette on 11 October 2013 have raised the bar on B-BBEE implementation in line with priorities of the South African National Development Plan. While these codes come into effect in 2015 and the impact on business is only expected in 2016, we continue preparing the business for their implementation and where necessary, steps have been taken to align policies and procedures with the spirits of the codes.

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 these elements.

For the current reporting period, Engen's B-BBEE report addresses all the areas in the B-BBEE scorecard as per the 2007 B-BBEE Codes of Good Practice as shown in the table below.

Our B-BBEE Performance

We have maintained our Level 3 B-BBEE Level Contributor status achieving a score of 83.13% from 81.50%. This has been achieved through a concert of various initiatives undertaken during the reporting period. These range from maintaining our top performance in socio-economic development, enterprise development to skills development and maintaining a diverse leadership team. Some of the B-BBEE elements are also linked to our financial performance.

We are keenly aware that the effect of the new codes, to be reported in our next report, will significantly change this scoring. A number of our B-BBEE elements have seen an improvement compared to the previous reporting year. This underscores our commitment to be part of the transformation force taking place throughout the South African business environment. The ownership element showed a slight decrease this year and this was due to how it is linked to our IBD financial performance.

The significant effort we put into preferential procurement saw a more rigorous focus on compliant suppliers. This has resulted in enhanced contribution to the transformation agenda by Engen and is reflected in our scores. Also, our skills development efforts, covered in the Human Capital section of this report, have made significant social impact on society. We have also included training of unemployed learners to get them ready to compete in the corporate environment. We have seen great success in our developmental programmes such as the Engen Pitch and Polish and the Engen Incubator and all these have resulted in the observed improvement of our B-BBEE score to just above 83%. For social and economic development elements we have maintained maximum B-BBEE points for two consecutive years. This is testament to the contribution we have made through our programmes such as the Maths and Science, Pitch and Polish and a host of other activities focused on developing communities and small businesses.

Key initiatives

Engen Pitch and Polish

This successful programme continues to unearth talented young entrepreneurs and 2015 was no exception. This programme is aligned with the National Development Plan which identifies small, medium and micro enterprises as critical for job creation. The ultimate outcome of this is highly capable small businesses that become a catalyst in job creation, innovation and poverty reduction. Below is the table of the top 3 businesses that made it to the finals from different provinces.



Sanele Shabalala

Mr Shabalala left a comfortable job as a manager in a multinational business to pursue his passion for business. Taking a cue from the airlines culture of travel magazines, he aimed at closing the gap that exists for the same product within the long distance bus commuters. After years of planning and negotiations, he overcame significant obstacles to eventually secure contracts with major players in the industry.



Strawberry Mphore

Ms Mphore's love for children coupled with her entrepreneurial acumen saw her develop a fully-fledged children development centre from nothing. The centre focusses on middle income communities who cannot afford to send children to city based facilities. She started this venture using her own funds and support from family and turned it into a fledgling business with a significant social impact



Hercules Kgaphola

Many South Africans who do their monthly shopping while relying on public transport have to carry plastic bags full of groceries back home. Sometimes they have to travel long distances and this puts enough strain on their fingers that they have to take regular breaks during their journey back home. After seeing this, Mr Kgaphola, a Unisa communications students with an interest in innovative ideas to improve quality of life, developed and patented the Finger Mate. A simple device that distributes weight to reduce stress on the fingers for shoppers.

Wildlands Greenpreneurs

The Wildlands Greenpreneurs is a social programme built around the growth of indigenous trees and recycling of municipal waste. For 2015, the programme focussed on the communities of Bushbuckridge working through schools. Learners from various schools were sensitised on environmental awareness and how to grow trees and recycle waste. The Wildland Trust then develops a nursery at the school and the learners become the provider of indigenous trees as well as recyclable waste to the programme. In return, they receive bicycles, food parcels, books or any other need identified as important for their development.

The trees are used to restore endemic vegetation, which contributes to reduced soil erosion, stable soil structure, revival of biodiversity and reduced intensity of flash flooding events and reservoir siltation. Some of the trees are sold to companies with the proceeds used to procure items to support the batter system that keeps the programme going. The recyclable waste is taken to recycle centres, which were part of our focus for support in our previous reporting cycle. They get recycled and sold to various interested parties.

The programme started with 9 schools in 2014 and has grown to a total of 17 schools now. The value is not only what the learners receive as part of the batter system, they also become aware of the environmental challenges we face and they become part of the solution.

The programme also employs 33 facilitators of which 27% are women, many from rural and indigent communities. The schools involved have a combined total of 422 greenpreneurs involved in propagating more than 190 962 trees. The Moringa tree, a vitamin enriched tree used as part of the nutritional food sources constitutes 35% of the trees that are propagated.

Engen Prosperator

As part of our transformation agenda and in pursuit of contributing to Socio Economic Development, Engen partnered with Raizcorp on a business incubation programme. We believe that by supporting the advancement of small and medium sized businesses and creating a sustainable entrepreneurial culture, our contribution will go a long way towards creating much needed jobs and help curb down high levels of unemployment in South Africa and most importantly in the communities where we do business.

The Engen Prosperator is located in Durban providing support to 25 small businesses that are undergoing intensive Supplier Development under the guidance of Raizcorp and Engen employees. Twenty new companies joined in 2015 while 16 completed the programme and graduated in 2015. Currently the incubator is being used as a pilot site for Supplier Development initiatives as per the requirements of the Revised B-BBEE codes of good practice. The rationale is to ensure that companies move beyond simply developing suppliers, only to see them becoming redundant, but ensure their real integration into the supply chain and ensuring business activities with the empowered companies.

	2012	2013	2014	2015	Total
Total Intake	19	27	50	20	116
Graduations	-	6	44	16	66
Drop Outs	-	-	4	8	12

The total intake over the past 4 years is 116 businesses with an average intake of 29 businesses per annum. To date the Engen Prosperator programme prides itself with 66 business graduates, and a current balance of 25 beneficiaries.

Out of all the current suppliers Development beneficiaries, Engen estimates more than a third would be eligible for consideration for procurement opportunities within Engen's refinery in 2016. Three (3) of the Supplier Development beneficiaries have already been absorbed into the Engen supply chain for Preferential Procurement and have been awarded contracts and jobs for the refinery.

In summary, to-date the programme has:

- A 52% success rate of businesses that have successfully graduated from the programme;
- 10% businesses have dropped out of the programme;
- The turnover growth for the beneficiary companies indicates an average of 15% over the last 4 years;
- Job creation ranging between 5%- 14% from the different programmes offered through the programme.

Socio-Economic Development

We have retained our full B-BBEE points for socio-economic development through our carefully selected programmes managed through our CSI programme. Some of the key programmes (reported under the Social and Relationship Capital section) are:

- The Klevakids programme
- Engen Maths and science Schools programme





Our Value Creation

Financial Performance Overview

Despite the challenging operating environment, Engen recorded a resilient financial performance. With an anticipated increase in oil prices in 2016, continued low growth in developing countries and the latent impacts of drought in southern Africa, we expect the economic outlook to be difficult going forward. However, as a company we remain committed to sustainable development as an integral part of our growth philosophy. We believe that this will enhance our competitiveness and profitability, and brings us closer to our employees, customers and other key stakeholders. In turn this helps us to understand and reduce our operational risks and promotes opportunities for new markets, operational efficiency and innovation.

The financial performance overview encompasses a comparative year on year analysis of the 2015 reporting period.

Key Financial Indicators

The key indicators of our financial performance were as follows:

Financial (Rm unless shown)	2015	2014	5y Average	% Change (2015 vs 5 Yr Average)
Extract from Statement of Profit or loss				
Turnover	83 494	108 249	92 169	(9%)
Operating Profit / (loss)	3 462	(847)	2 011	72%
Profit / (loss) for the year	2 126	(960)	1 190	79%
Extract from Statement of Financial Position				
Total Assets	37 002	33 619	32 274	15%
Equity attributable to equity holders of the parent	19 536	16 664	15 148	29%
Sales Volume (in millions of litres)	9 396	9 475	9 319	0,8%
Financial Ratios				
Return on Total Assets (%)	5,6	-2,5		
Current ratio	1.6x	1.5x		
Return on Capital Employed (%)	10,9%	-5,4%		
Debt Equity Ratio (%)	0,69%	0,92%		
Other key indicators				
Closing crude cost (\$/bbl)	36,89	62,68		
Average R/\$ exchange rate	12,77	10,85		

Gross profit increased by R4,983 million from the end of 2014 to 2015 due to the significant decrease in inventory revaluation losses, which affects Cost of Sales. Inventory revaluation losses were incurred in the prior year due to the downswing in the crude price which commenced toward the end of the 2014 financial year.

Expenses increased by 6% in the 2015 financial year. This arose mainly as a result of higher staff costs and higher depreciation due to the capital expansion programme in the Engen Sales and Marketing Division and to a lesser extent in our International Business Division (IBD), as well as Refinery depreciation charge on stay-in-business capital. In addition, the realised and unrealised foreign exchange losses increased by R154 million.

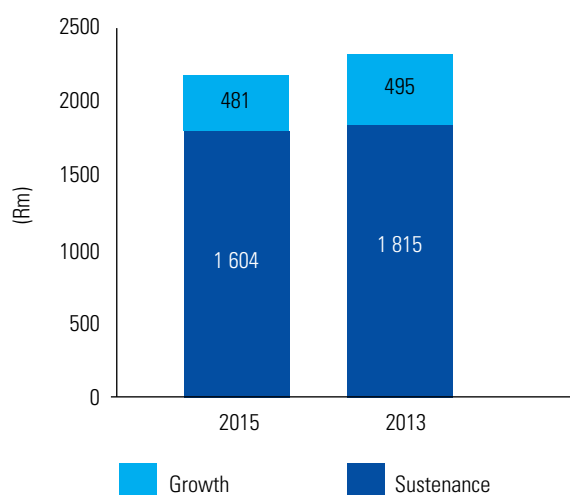
Operating costs in 2015 also included a loss of R458 million, due to a release of the foreign currency translation reserve (FCTR) on deregistration of Engen Offshore Holdings (Mauritius) Limited (EOHL), a foreign intermediate holding company which was no longer required in the Group structure. EOHL previously held certain investments in the IBD group of companies and was registered in Mauritius as a USD denominated holding company. On deregistration, and in line with accounting practice, cumulative FCTR effects were recycled through the statement of profit or loss to retained income but have no effect on shareholder equity or cash. The prior year included a release of FCTR of R326 million on the deregistration of Engen African Holdings.

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.

Total assets increased from the prior year by R3,383 million to R37,002 million at the end of 2015. This was driven mainly by an increase in the cash and cash equivalents balance from R1,699 million to R4,222 million due to the significant increase in deposits. Property, plant and equipment increased mainly due to additions in the ESM division.

Capital Investment

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 from its competitors in recent years.



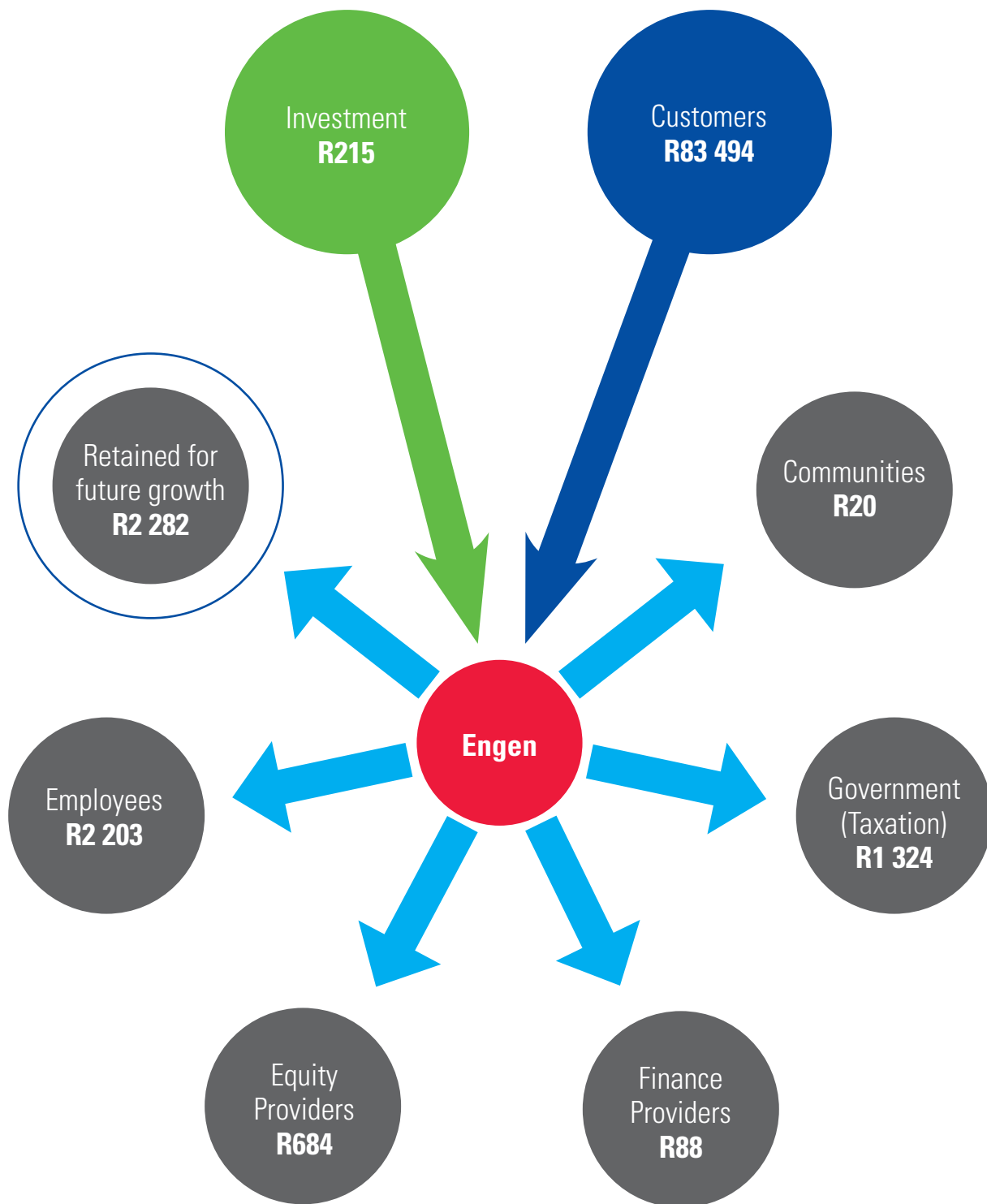
We continue to make significant capital investments across our value chain. Capital expenditure at the Refinery has a clear focus on the environment; maintenance and reliability; infrastructure, buildings and equipment; future fuels; and profit generating interventions.

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 2015	31 December 2014
Value Added	6 386	1 364
Income from investments	215	88
Total value created	6 602	1 452
Value Distribution		
Employees	2 203	2 052
Equity Capital Providers	684	159
Loan Capital Providers	88	142
Government	1 324	436
- Normal Company Tax	1 324	436
CSI	20	19
Retained for future growth	2 282	(1 356)
- Depreciation and Amortisation	752	675
- Retained Profit	1 486	(1 575)
- Deferred Tax	44	(456)
Total value distributed	6 602	1 452

Summarised flow of capital between stakeholders (Rm)



GRI CONTENT INDEX

This report has been compiled guided by the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting G4. 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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