



With us you are Number One

ENGEN

2016

Engen Limited

**INTEGRATED
REPORT**





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 18 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 are 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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Understanding Our Value Creation:

We compiled the 2016 Engen Limited Integrated Report to empower our stakeholders to make a cognisant appraisal of our capacity to generate value as a company from year-to-year. To achieve this, our report has been structured with a clear narrative structure:

- Providing a strategic and operational summary in our Chairman's Statement and CEO's Report.
- Explaining who we are and how our business functions, as well as reflecting on activities and impacts across our value chain.
- Categorising the material matters that impact value creation in terms of our operating environment, the interests of our key stakeholders and the identified priority risks facing the company.
- Outlining our value creation and other key financial indicators.
- Reviewing our leadership team and governance practices.

Who We Are

Engen is a leading African oil company focused on the refining and marketing of petroleum and petroleum-based products, and the provision of fuel retail convenience services.

With a history stretching back to 1881, we have grown our business from our roots in South Africa by leveraging the expertise of our employees to include manufacturing plants, distribution networks and retail service stations in 18 countries in sub-Saharan Africa and the Indian Ocean Islands. We also export our products to more than 30 other territories.

Engen is majority owned by PETRONAS (74% holding), one of the world's leading oil companies and a member of the FORTUNE 500. PHEMBANI, a black-controlled South African company focusing on the broader energy sector, holds 21.2% and a Phembani-led consortium holds the remaining 4.8%.*

** In early 2017 PETRONAS and Phembani concluded a B-BBEE ownership transaction for 6% equity.*



Countries in which we operate in countries

120 000 bbl/day
17% ZA licensed refining capacity

9.28bn
Litres Fuel Pumped
(2016)



 **R28m**
Social Investment

2 MARINE TANKERS

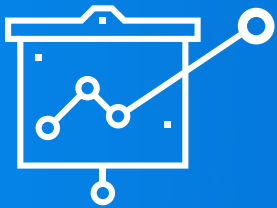
ISO 9001
*Quality Management
Certified (Refinery)*



ISO 14001
Environmental
Management Certified
(Refinery)

1500

Service Stations



R76bn

TURNOVER



600

QuickShops

9

SOCIAL INVESTMENT
Engen Maths &
Science Schools

45

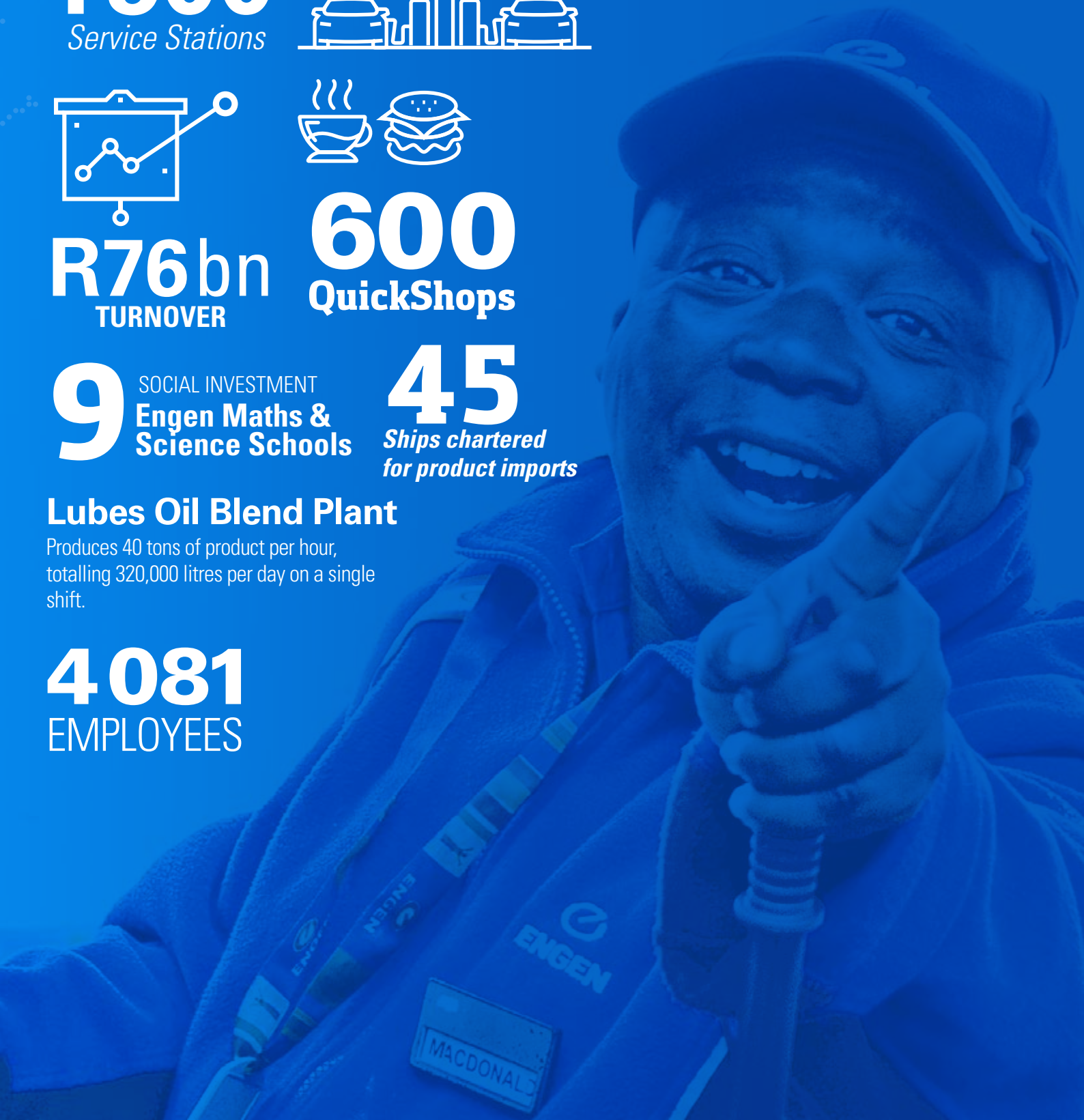
*Ships chartered
for product imports*

Lubes Oil Blend Plant

Produces 40 tons of product per hour,
totalling 320,000 litres per day on a single
shift.

4081

EMPLOYEES



Our ZA Contribution

R38bn

Imported through Black-owned suppliers (2012-16)



26%
ZA demand
(1 in 4 Litres)



154
Delivery Vehicles



6.99bn
Litres Fuel Pumped
(2016)

18 757
Service Station Staff



1 050
Service Stations

46%
Black-owned
Service Stations



117 Female
- Owned Service Stations



131m
Customer visits to
forecourts (2016)



1.17% ▶ 36%
Growth in procurement from
Black female owned companies (2010-16)



24 STORAGE
DEPOTS

5.4% ▶ 41%
Growth in procurement
from Black-owned companies
(2010-2016)

R8.5bn
Direct Investment in
ZA (last 5 years)

41%
Procurement from
Black-owned companies
(2016)

About this report

Thank you for reading Engen Limited's Integrated Report for the year ended 31 December 2016*. As a company, we endorse the principles of transparency and accountability, and are committed to report on our performance and prospects in a manner that is meaningful to our stakeholders.

Scope and framework

Our 2016 Integrated Report provides a concise review of Engen's business model, risks and opportunities, and operational and governance performance, for the financial year 1 January to 31 December 2016*. In addition, we also offer relevant historical information in order to contextualise the key issues discussed.

Our report includes elements of the Global Reporting Initiative (GRI G4) guidelines for Sustainability Reporting and is also based on the principles and framework as presented in the International Integrated Reporting Framework (IIRC). The focus is on Engen's value chain and how we manage the process of value creation across five of the six sustainability capitals as guided by the framework.

The activities of Engen Limited and all of our operating subsidiaries are covered and 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 are clearly stated.

We focus on the main operations and activities that contribute to Engen's performance, including: sourcing of crude and finished product; inbound logistics to local storage; processing and refining of crude into fuels, lubricants and petrochemicals; outbound logistic to storage facilities; and sales and marketing of petroleum products and related convenience services. Unless otherwise stated, all performance data is for the 12-month period ended 31 December 2016*.

While the financial and non-financial data from our subsidiaries are fully consolidated, the B-BBEE assessment, as well as the employment equity statistics, exclude all non-South African operations.

** The reporting boundary for our Transformation initiatives includes key items that occurred in early 2017.*

Materiality: Assessing Engen's value creation

Our report is relevant for stakeholders with an interest in our performance and prospects against our stated core purpose of crude oil refining, the marketing of our primary refined petroleum products and the provision of convenience services via our extensive retail network.

Regulatory requirements and guidelines, and our 2012-13, 2014 and 2015 Integrated Reports, as well as a materiality determination process that included a diverse group of stakeholders were considered during the compilation of this report. Matters that have a high likelihood of impacting the company's ability to create value over time were considered material.

The Six Capitals: An Integrated Approach

Integrated thinking is intrinsic to how we manage our business and to our internal strategy and reporting practices. Engen's impact on and contributions to five of the six capitals of value creation described in the International Integrated Reporting <IR> Framework are addressed in an integrated manner throughout this report.

Our view of sustainable development is informed by the importance of creating and protecting value across five sustainability capitals, namely: Manufactured, Human, Natural, Social 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.

Combined Assurance

We use a combined assurance model to provide us with assurance obtained from management and from internal and external assurance service providers.

Our Board Audit Risk and Compliance Committee provides internal assurance to the Engen Limited Board on an annual basis on the execution of the combined assurance plan. The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the Board Audit Risk and Compliance Committee.

EY have audited the Group's annual financial statements which were prepared in terms of the International Financial Reporting Standards (IFRS). The Key Financial Indicators for 2016 and 2015 of the Statement of Profit and Loss and Statement of Financial Position are set out on page 61. The B-BBEE scorecard information was verified independently by Empowerdex.

Board approval

The Engen Limited Board is responsible for ensuring the integrity of the Integrated Report. In the Board's opinion, this report addresses all material issues and presents a balanced and fair account of Engen's performance.

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

E mail: 1call@engenoil.com, **Tel:** +27 21 403 5258,

2016 Performance Highlights



Refinery

- **98.1%** mechanical reliability
- **94%** Overall Equipment Effectiveness
- **17 days** to complete reformer regeneration and CHD Catalyst dump and recharge, 4 days ahead of plan



Social Investment

- **R28 million** invested
- **9** Engen Maths and Schools (ZA)
- **1 881** learners (Grades 10-12) enrolled in EMSS
- **94%** matric pass rate
- **20** black female learners with disabilities



Transformation

- **R47.2** million spent on Enterprise Development (double 2015)
- **3 902** businesses reached through Enterprise Development
- **R67.4 million** spent on Supplier Development
- **R38 billion** imported through black suppliers (2012-16)
- **46%** black-owned service stations (ZA)
- **45%** black board members (28% black female board members)
- **58%** black executive management (33% black female executive management)
- **65%** black senior managers



Our People and Skills Development

- **22** Graduate Development Programme students awarded permanent employment
- **65%** of Engen employees benefited from the Talent Management programme
- **378** learners participated in the Learnership Programme



Despite a challenging operating environment, **there have been many praiseworthy highlights across the entire Engen value chain** during 2016.



Operational

- **New Multi-Product Pipeline (NMPP)** feeder pipelines at Island View completed
- Commenced **upgrades of our inland terminal and depot facilities** in Pretoria, Witbank and Rustenburg
- Completed **installation of vapour recovery units** at depots in Kroonstad, Klerksdorp, Rustenburg, East London and Witbank and Durban

Retail

- **131** million customer visits to forecourts (ZA)
- **29** service station upgrades (ZA)
- **12** new service stations constructed in sub-Saharan Africa
- **600th** QuickShop at Rivershorse Valley in Durban.



Financial

- Turnover - **R75.8bn**
- Operating Profit - **R4.7bn**
- Increase in Net Profit - **59%**





MD ARIF MAHMOOD
Chairman

Chairman's Statement

2016 marks Engen's 135th year of operation. From humble beginnings in 1881 with the establishment of Vacuum Oil to the emergence of the Engen brand and business in the early 1990's, our rich heritage comprises technical expertise, unsurpassed capacity in South Africa and a fully committed workforce across 18 countries.

While we are a proudly South African company, we have deep roots in Africa and a long-term commitment to the continent. We are working tirelessly towards delivering on our corporate purpose of becoming the oil company of choice in sub-Saharan Africa and the Indian Ocean Islands, as well as a world-class provider of petroleum and petroleum-based products and services.

To achieve this, we must live our core brand philosophy of 'What matters to YOU, Matters to US' every day. This focuses the entire organisation. The customer is at the forefront of everything we do.

To help Engen deliver and build on our purpose, we embarked on a process to review the direction of the business during 2016. We identified in our strategic long-term planning that Engen cannot remain operating "business as usual" and we have prioritised four areas that have become our case-for-change. 'Full Potential' was launched to deliver this. It is our strategy to consistently win in the marketplace and remain number one.

This will future-proof Engen and give the organisation the skills and ability to be agile, nimble and empowered to seize market growth openings as they present themselves and respond quickly to challenges, especially from competitors.

As an organisation, we believe that if we operate in this way it will open up significant opportunities for growth for the business and our employees.

We must live our core brand philosophy of **'What matters to YOU, Matters to US,'** every day.

Against this background, Engen's short-term focus is to stem wastage and increase efficiencies. To achieve this, Full Potential prioritises cash generation, drives down costs, simplifies our processes and concentrates on the successful execution of our growth projects.

Our renewed focus, supported by a more stimulating work environment, will equip us to deliver sustainable value to all of our stakeholders, including the economies and societies within which we operate.

Performance in a tough environment

In 2016 we encountered challenges and successes in pursuit of our vision. Demand for oil products in Africa slowed significantly as the world economy struggled with the declining oil price and flattened consumer demand.

Anaemic economic growth in many of the 18 countries in which Engen operates saw us missing our volumes target for the year. Despite this, Engen delivered a healthy financial performance, with a significant increase in gross profits. Our robust performance was underpinned by higher margins, excellent operational efficiency, rigorous inventory management, supply and distribution efficiency and optimised expenditure.

Maintaining our focus

With further challenges in the macroeconomic environment looming, we expect the South African economy and other regional economies to come under strain.

South Africa's low GDP growth rate has been exacerbated by the sustained downturn in export commodity prices as well as a severe drought. Consumer confidence and spending power are being eroded by rising food and electricity costs, a weakening rand, high inflation and increasing interest rates.

Our longer-term strategies include driving technology as a differentiator, rethinking talent management and embodying a world-class working culture by creating better day-to-day experiences for employees. We are also improving our technical expertise and operational efficiency to ensure we provide our customers with premium products and services. To mitigate risk, we are investigating alternate income streams and entrenching and expanding our geographical footprint.

I firmly believe these initiatives will better position Engen to withstand any downturns and leverage the upswings. I am confident that Engen will be optimally positioned to respond to growth in demand when the economies in which we operate expand again.

The transformation imperative

Meaningful Black Economic Empowerment in the South African oil industry is essential to ensure the future of our industry. Engen recognises the urgency that must be brought to economic transformation and social justice. To this end, we are currently implementing strategies and plans that will allow us to play our part in furthering transformation.

Our own Broad-Based Black Economic Empowerment initiatives are starting to bear fruit. In our recent 2017 B-BBEE verification, we progressed from a Level 8 Contributor to Level 2. This exceptional achievement is testament to our commitment to transformation, to improve our competitive position, make us a great place to work at, and enhance our status as a truly South African company.

Safeguarding our business sustainability

Business performance, corporate governance and our social, economic and environmental impacts are factored into Engen's business strategy. A sustainable business model not only enhances our own long-term commercial success, but also the prosperity of the countries in which Engen operates. As these countries prosper, we too will prosper, which in turn allows us to contribute even further to the enhancement of society and the economy.

In this report we address a broad range of sustainability components, including five of the six capitals referred to in the 2013 International Integrated Reporting Framework. The effect that our business has on our financial, human, natural, manufactured, social and relationship capital provides insight into the essential resources and relationships that we rely on to create value for our stakeholders.

As part of our sustainability journey, Engen has a number of long-term environmental initiatives in place focusing on atmospheric emissions, water management, waste management, energy management and climate change.

Prioritising stakeholders

A company never operates in isolation. Engen's success hinges on the involvement and actions of our vast array of stakeholders, including the governments of the 18 countries in which we operate, our employees, surrounding communities, regulators and our customers, amongst others. Cementing relationships with our stakeholders continues to be a priority and this reflects our commitment to the continued success of all of our stakeholders.

We work diligently at being customer-centric. In return we were once again rewarded with two accolades in 2016 from our valued

A sustainable business model not only enhances **our own long-term commercial success, but also the prosperity of the countries** in which Engen operates.

customer stakeholders, reaffirming our position as the leading petroleum marketer in South Africa.

Engen was voted the “Coolest Petroleum Brand” in the Sunday Times Generation Next survey and was named South Africa’s favourite fuel station in the Sunday Times Top Brands survey. This is the sixth consecutive year that Engen has won these two prestigious awards, endorsing our uncontested brand leadership and market strength. We are grateful to our customers for their acknowledgement and the crucial role they play in strengthening the Engen brand.

Ensuring effective governance

The Board strives to provide effective leadership premised on an ethical foundation. We have increased our focus on the governance of ethics to ensure that our plans and policies are not only effectively managed, but are also successful in establishing an ethical culture and behaviour within all levels of the organisation, including relevant stakeholders. We trust that this sets a tone of integrity and accountability in the company, and ensures that we remain poised for sustainable performance and long-term growth.

We remain committed to applying all material principles embodied in King IV, the Companies Act and other pertinent legislation by which the Board is bound. We strive to embed best practice corporate governance principles to ensure long-term value for all stakeholders.

During the reporting period, there was one change to the Board. Non-Executive Director, Mr. Amir Azizan, resigned from the Board as a representative of PETRONAS after four years of service. We welcome Mr. Giuseppe D’Arrigo to the Board as a Non-Executive Director.

Appreciation

I wish to express my sincere gratitude to all Engen’s directors, management and employees for their commitment, sacrifices and contributions to the growth of the company. I am confident that Engen will successfully navigate the current economic downturn, primarily because of the quality of our people and the strategies we have in place to support them.

In closing, I would like to thank my fellow Board members for their consistent stewardship and wisdom in guiding Engen through the current trading environment. I am confident that with all of us united in working towards a common goal with a firm view on our vision and purpose, Engen will deliver on its ambitious and decisive action plans to ensure our resilience over the short, medium and long term.

MD ARIF MAHMOOD
Chairman

CEO's Report

In 2016 we recognised the need for the business to shift gears in order to deliver sustainable value in the years ahead. To remain relevant in the industry, organisations have to continually evaluate themselves against their competitors and be agile and nimble to respond quickly to rapid changes within the industry, even when they are in pole position.

We launched our Full Potential strategy, a multi-year journey that will enable a high performing organisation that allows employees to relentlessly focus on the customer. Up to 70 per cent of the Full Potential initiatives are about growing the business, volume, market share, convenience, retail footprint etc.

To this end we adopted the PETRONAS Cultural Beliefs, which we believe will give Engen employees new impetus to help the business respond competitively to the ever-evolving landscape.

We also developed a new customer-centric strategy to ensure we achieve our five-year growth targets. This will see us strengthen the core of our retail and commercial business in South Africa. In sub-Saharan Africa and the Indian Ocean Islands we will partner for growth and focus on returns.

Operationally, we will become aggressive in our attempts to drive down costs in order to serve our customers, as well as optimise across our value chain, from the sourcing of crude through to the delivery of finished product.

Overview

In 2016, approximately 131 million visits were made to Engen's service stations in South Africa and millions more across sub-Saharan Africa and the Indian Ocean Islands. This is testament to the business's commitment to superior service and outstanding product performance, delivering on our promise of 'With us you are Number One'.

Emerging and advanced economies experienced a decline in growth during 2016. South Africa recorded growth of just 0.2%, while that of the African continent was below 3%. This, coupled with subdued oil prices, impacted upon the demand for Engen's products and services in our largest market of South Africa, as well as the 17 other countries in which we operate.



DATUK FARID ADNAN
Managing Director and CEO



Despite this challenging backdrop, I am pleased to announce that we delivered a robust financial performance. There are also a number of 2016 highlights, such as the excellent performance of the Refinery and the construction of five new Retail service stations in South Africa and 12 more throughout our affiliate countries, as well as the upgrading of 29 Retail sites in South Africa.

Our most recognisable social initiatives remain educational in focus. We invested more than R28 million into programmes that contribute to positive change in our communities, such as our established Maths and Science programme for learners.

Our Robust Financial Performance

Our gross profit increased by R839 million from 2015 to 2016 due to higher marketing margins in South Africa and sub-Saharan Africa, and marginal improvement in inventory revaluation profits. Inventory revaluation profits were incurred in the year.

Our expenses increased by 3% in 2016 due mainly to higher staff and consulting costs. We also incurred higher depreciation charges due to a capital expansion programme to bolster our sales and marketing capabilities, as well as Refinery depreciation charge on stay-in-business capital.

Operating costs decreased significantly during 2016. This was mainly due to lower realised and unrealised foreign exchange losses. Additionally, 2015 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). No similar FCTR release took place in the current year.

Our statement of financial position is currently largely ungeared and this presents an opportunity for the funding of significant projects over the longer term.

Our statement of **financial position is currently largely ungeared** and this presents an opportunity for the funding of significant projects over the longer term.

Our total assets increased from the prior year by R2,132 million to R39,134 million at the end of 2016. This was driven mainly by an increase in our cash and cash equivalents balance from R4,222 million to R6,135 million due to a significant increase in deposits.

Inventory increased mainly due to the higher Rand cost of crude compared to December 2015, as well as higher inventory volumes on hand at year-end.

Our Business Performance Overview

Our Refinery continued its excellent performance in 2016. This was achieved on the back of strong refining margins in the first and fourth quarter of the year. Crude type enablement also allowed for new varieties of West African crudes to be processed safely. This had a positive impact on the Gasoline, Liquid Distillates and Lubes (GLDL) businesses.

Our Refinery achieved a 98.1% mechanical reliability versus a target of 95.2%. The combination of a better reliability and shorter outages enabled our Refinery to achieve an Overall Equipment Effectiveness (OEE) of 94% versus a plan of 88.6%.

Our Engen Fuel Capacity Optimisation (EFCO) investment programme aims to increase our supply chain capacity in order for us to meet demand. A key initiative completed in 2016 includes the New Multi-

Product Pipeline (NMPP) feeder pipelines at Island View, which will enable connectivity to the Transnet NMPP pipeline. The additional investment in our Island View operations, completed in 2016, has significantly reduced demurrage of imported product via the ship offloading berths, further improving our operational efficiencies in the Port of Durban.

We improved our logistics network efficiency in key areas of the country. The expansion and upgrades of key terminals will provide adequate capacity for growth in demand in the coming years, as well as address the short term supply constraints that we have experienced. We identified and began upgrades of our inland terminal and depot facilities.

We also strengthened our supply chain into southern Africa with the commissioning of bulk fuels facilities in the north and the west of Namibia. While this will support local sales, it will also enable supply to the country's major trading partners of Botswana, Angola and Zambia.

Our Health, Safety & Environmental Performance

We are committed to maintaining a safe and healthy work environment to protect our customers, employees and other stakeholders. This remains a top priority at Engen, in addition to eliminating waste, adhering to the strictest standards of best practice and complying with regulation.

Our emissions are closely linked to production and the increase in emissions for 2016 is due to our higher Overall Equipment Efficiency (OEE) and reduced downtime at our Refinery. Our energy consumption during the period followed the same trend as indirect emissions and increased due to increased Refinery output. In addition, our Refinery reduced its fresh water consumption by 8% compared to 2015.

We must however continue to improve on our health and safety performance. Despite our best efforts to ensure the highest safety standards, we had an increase in three key safety metrics, Work Related Fatalities, Lost Time Injuries (19) and Total Recordable Rate during 2016.

In 2016 we were extremely saddened by the loss of two colleagues. Judas Sesame, a Bulk Truck Operator at the Pretoria Terminal and Zanele Mdima, a Process Technician at the Refinery, passed away during the course of their duties. We extend our deepest condolences to their families and loved ones and they are never far from my thoughts.

We have our work cut out for us as we focus on reducing the number of workplace incidents and reinforcing a safety culture. Strict adherence to our Zero Tolerance (ZeTo) Rules and Permit to Work, and looking out for each other are paramount to achieving this. We will also look at ways to ensure that we have the right capabilities in place to improve our safety performance.

We identified and began upgrades of our inland terminal and depot facilities.



We invested more than **R28 million** into programmes that contribute to positive change in our communities, such as our established Maths and Science programme for learners.

Our People

We invest a great deal in our employees, as we recognise that they are vital to the business's growth and success. To this end, 65% of our workforce benefited from our talent management programme in 2016. In addition, our Operations Academy continues to assess and develop core operational skills with 35% of the total operational workforce assessed. In 2016 we also established a Sales Academy to train and upskill sales managers.

The Engen Graduate Development Programme (GDP) partners talented young individuals from previously disadvantaged groups with mentors throughout the organisation. We are proud that this programme saw 26 graduates receive permanent employment, with 22 absorbed by Engen and four recruited by external companies in 2016.

In addition, a Learnership Programme was introduced to respond to the critical skills shortage within the industry. Out of a total of 378 individuals who participated in the programme, 297 of them were classed as unemployed. Apart from contributing to national skills development efforts, the programme teaches young people critical skills in an effort to increase their chances of securing employment.

Looking Ahead

I am confident that Engen has the right strategies in place to weather the storm of the uncertain global economy – with the embryonic Full Potential program at the heart of this.

Over the course of 2017, our priorities as a group are to accelerate innovation and growth, develop and retain top talent, further build a trusted petrochemical brand and aggressively drive cost efficiencies.

Our focus remains on our customers and ensuring that their expectations are exceeded at all of Engen's touch points. At a commercial level we will leverage our extensive and integrated supply chain and drive strategies that elevate our market position and establish Engen as a preferred partner.

On behalf of Engen, I acknowledge and thank our valued customers for their continued support. I would also like to thank



our shareholders, PETRONAS and Phembani for their trust in our ability to deliver results, as well as every single person whose commitment and resilience contributed to Engen's performance during 2016.

Special gratitude is extended to Hilmi Daud for his contributions during his tenure on the Engen Petroleum Limited Management Committee (MC). I would also like to welcome Ruslan Islahudin, who has joined the Engen MC from PETRONAS as our GM, Corporate Strategy and Communications.

Let us continue to prioritise our customers in everything we do as we realise our vision for growth across sub-Saharan Africa and the Indian Ocean Islands.

DATUK FARID ADNAN

Managing Director and CEO



Brand Awards

Engen was again voted the **“Coolest Petroleum Brand”** in the *Sunday Times Generation Next* survey and named **“South Africa’s Favourite Fuel Station”** in the *Sunday Times Top Brands* survey. This is the sixth consecutive year that Engen has won these two prestigious awards, reaffirming our uncontested brand leadership and market strength.

Our Business

Engen believes that Africa has great potential. We have made sub-Saharan Africa and the Indian Ocean islands our markets of choice where we are focused on growth. Currently we operate in 18 countries across the region and export our products **to over 30 other countries**.



Company Ownership

Engen Limited is owned by Petroliam Nasional Berhad (PETRONAS), the Malaysian national oil company which holds 74%* of our equity.

Phembani, a black-controlled South African company focusing on the broader energy sector, holds 21.2% through Afric Energy Resources (Pty) Limited. A Phembani-led consortium holds the remaining 4.8%*. Engen Petroleum Limited is a wholly-owned subsidiary of Engen Limited (Engen), with its head office in Cape Town, South Africa.

** In early 2017 PETRONAS and Phembani concluded a B-BBEE ownership transaction for 6% equity.*

Our Relationship with PETRONAS

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

Our relationship with PETRONAS enables us to leverage their research and advanced technology. 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 team.

We also market 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 also provides the technical expertise in designing, developing and delivering the fluid technology solutions that have powered the Mercedes AMG PETRONAS Formula One team to the 2014, 2015 and 2016 World Driver and Constructor Championships. This technical partnership ensures that the products we offer our customers as Engen, withstand the ultimate testing ground of Formula One.



Where We Operate

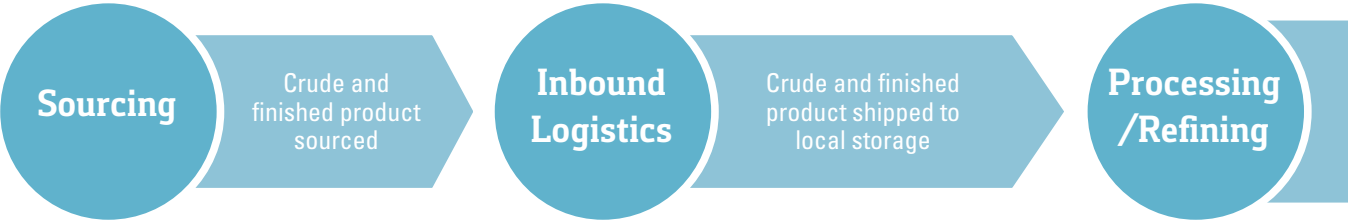
Engen has manufacturing, distribution, sales and marketing, HSEQ and support services in 18 countries across sub-Saharan Africa and the Indian Ocean Islands. Our growth strategy incorporates this area.

Currently we operate
in **18 countries**

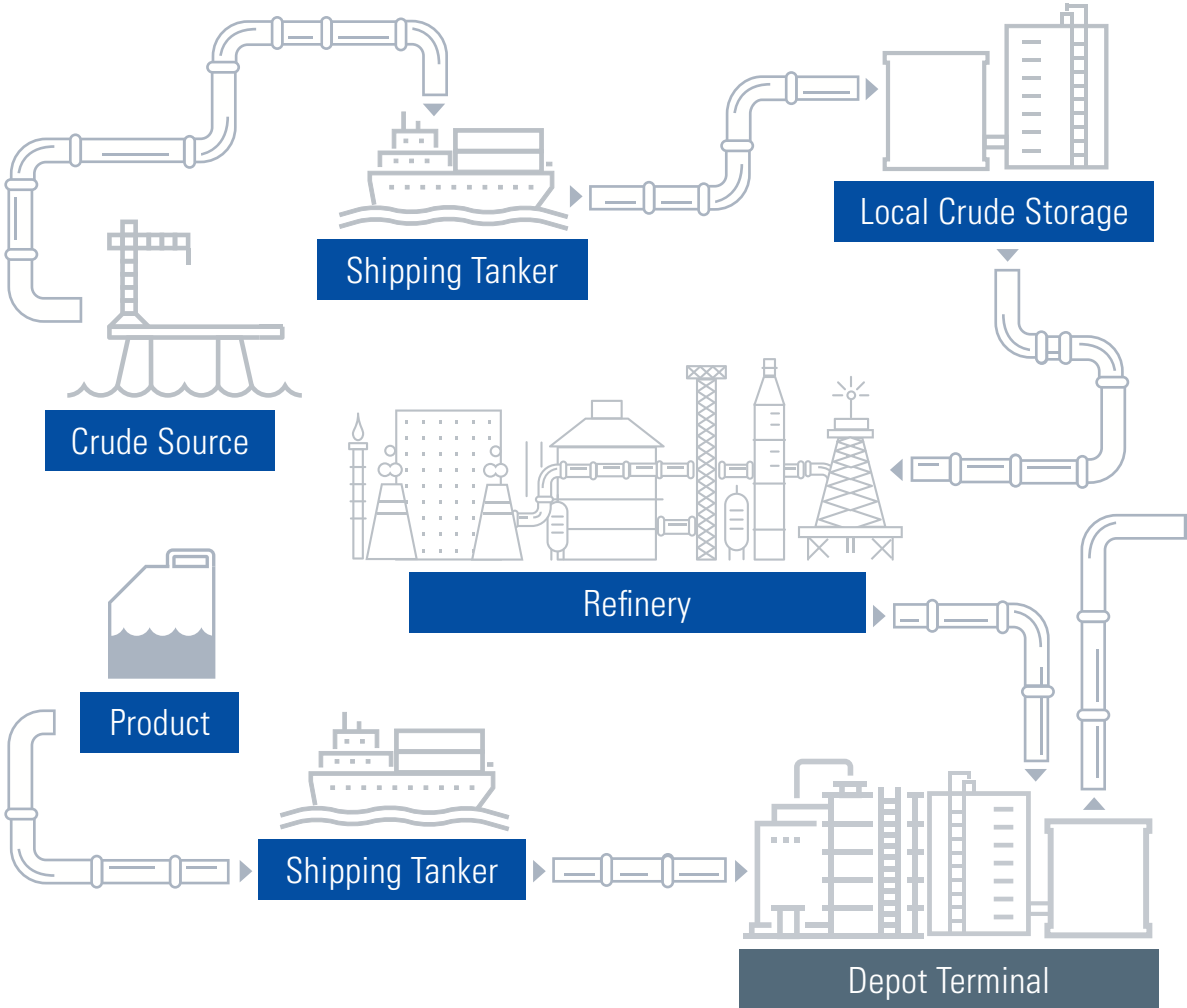
Country	Population (estimate)	GDP Growth (estimate)	Service Stations	Quick Shops
Botswana	2.3 million	3.9%	50	32
Burundi	11.2 million	2.2%	18	6
Democratic Republic of Congo	77 million	4.8%	73	20
Gabon	1.5 million	4.5%	22	3
Ghana	26 million	6.2%	25	5
Kenya	46 million	6%	17	14
Lesotho	2 million	-	10	-
Malawi	17 million	4.5%	10	1
Mauritius	1.3 million	3.8%	33	9
Mozambique	28 million	5.1%	16	13
Namibia	2.5 million	4.4%	56	30
Reunion	900 000	1.6%	34	8
Rwanda	12 million	6.1%	18	6
South Africa	55 million	1%	1 030	600
Swaziland	1.3 million	-	5	-
Tanzania	53 million	6.9%	8	3
Zambia	16 million	3.7%	33	15
Zimbabwe	16 million	-1.2%	65	9

What We Do

We source crude oil and finished product; process and refine crude oil into fuels, lubricants and petrochemicals at our Refinery in Durban, South Africa; store and distribute refined petroleum products; and market and sell these tailored products and related convenience services to our customers. This enables us to grow revenue and generate cash, which is reinvested in the resources and infrastructure we rely on to conduct business, thereby generating value for our stakeholders.



Refinery

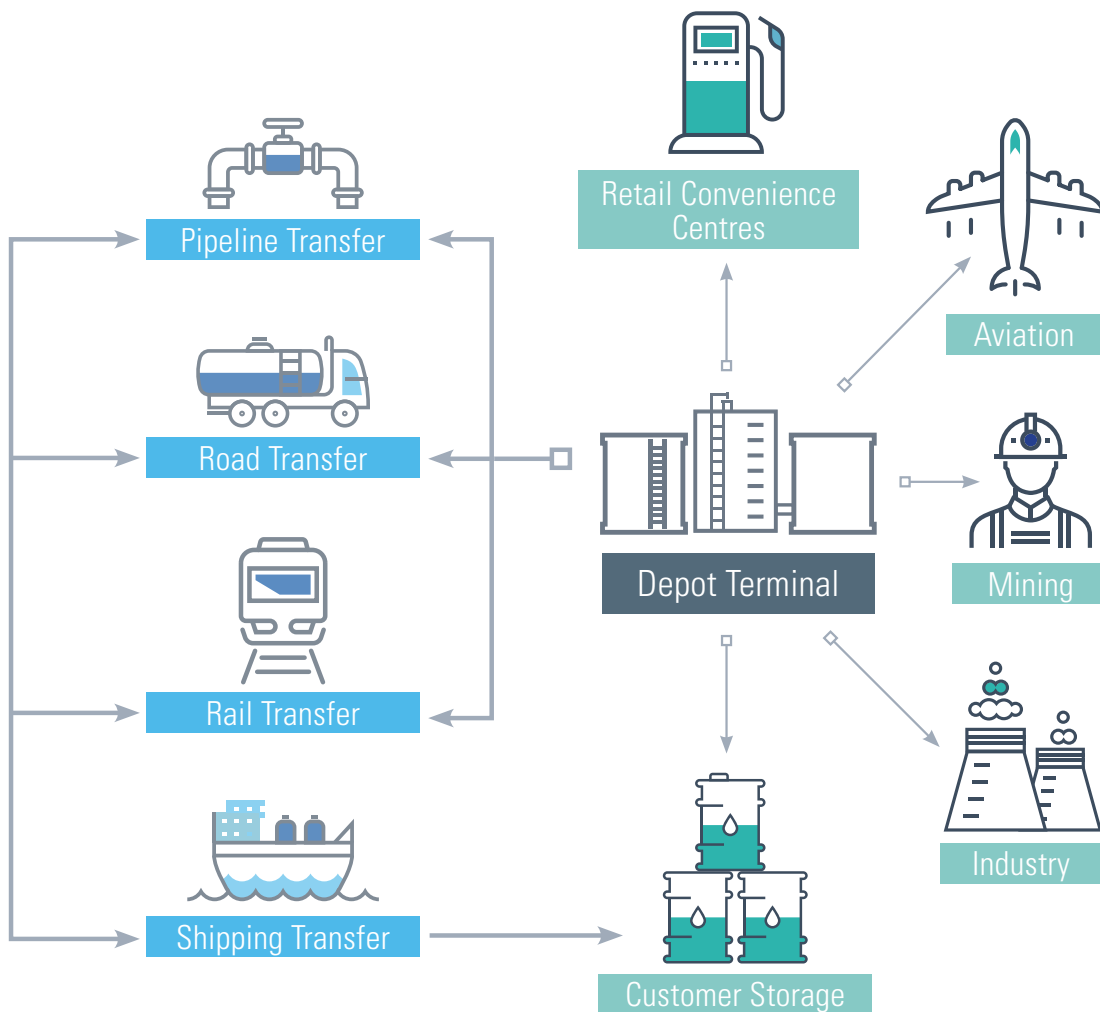


Our Integrated Value Chain

At the heart of our value proposition lies our integrated value chain. As a responsible corporate citizen, we seek continual improvement to our inbound logistics, processing, outbound logistics and sales and marketing to ensure we operate safely, reliably and efficiently, and with a lower environmental impact.



Transport Modes Customers



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).

Supply, Trading and Optimisation (STO)

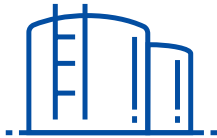
Sourcing of crude and finished product



Refinery



Crude processing



International Business Division (IBD)

All infrastructure in our affiliate operations (e.g. storage, retail, lubes, bulk transport)



Engen Sales and Marketing (ESM)

South Africa
Lesotho
Swaziland

- Storage
- Bulk transport
- Commercial fuels
- Retail
- Chemicals
- Lubricant plants and distribution centres



What We Offer

We produce and source bulk fuel, which we market and sell to consumers in 18 countries through our fuel products retail business. We also manufacture and market lubricants and petrochemical commodities such as hydrocarbon solvents, construction chemicals, fluids, polymers, chemical intermediates, dyes and white oils. We supply industries spanning agriculture, aviation, construction, fleet, mining, and marine with our wide array of products.

We offer consumers convenience services at many of our 1500-plus service stations. This is done through our QuickShop brand and various partner brands such as Corner Bakery, Woolworths, Wimpy, Debonairs, Steers, Biltong Bar, Pure Water on Tap, and Equatorial Coffee, amongst others.



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.



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.



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.



TruckStop

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



The Engen Oil Centre

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



Laurel Paraffin

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



PETRONAS Syntium

PETRONAS Syntium with °CoolTech™ is a unique formulation designed to defend against excessive engine heat for optimum engine performance.



QuickShop

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



1-Card

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

How We Create Value

We generate profit by efficiently sourcing and processing crude oil to provide our consumer and industrial customers with petroleum products and related convenience services. Our competitive differentiation rests in our manufacturing processes, the size of our storage, distribution and retail networks, the quality of our products and services, and in how we manage our cost base.

How We Sustain Value

Our view of sustainable development is informed by the importance of creating and protecting value across five sustainability capitals, namely: Manufactured, Human, Natural, Social 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.

In 2015, the world adopted the 17 Sustainable Development Goals. When we look at these goals, we realise that sustainability is more than the sustainability of the business against the changing environment. Rather, it refers to a business that becomes part of the mechanism working towards a world that can continue to sustain life today and in the future. The sustainability challenges the world faces covers all 5 sustainability capitals and Engen plays a significant role in some, including:

GOAL 3	Good Health and Wellbeing
GOAL 4	Quality Education
GOAL 6	Clean Water and Sanitation
GOAL 7	Affordable Clean Energy
GOAL 8	Decent Work and Economic Growth
GOAL 10	Reduced Inequalities

While individual businesses may be unable to change the world, the combined effort of multiple businesses making their own contributions towards sustainability will change the world.

Our contribution in the 6 areas highlighted above is embedded in how we do our business and reflected in our corporate value system. We, therefore, continue to provide affordable alternatives to traditional solid state energy sources or heating. We continue to contribute to economic growth through access to energy. We continue to provide these services through a range of customer-focused offerings and in a manner that recognises the value of our ecosystems and social stratifications everywhere we operate.

We also aim to make continual improvements towards sustainable social capital in sub-Saharan Africa and the Indian Ocean Island countries where we operate. In some areas there are challenges with skills availability and the creation of decent jobs 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 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.

The **5 Capitals**

Manufactured Capital

Managing our assets and key infrastructure required for our value creation.

Human Capital

Developing and retaining talent. Creating an environment for performance and creativity.

Natural Capital

Protecting the environment. Mitigating against and adapting to effects of climate change.

Social Capital

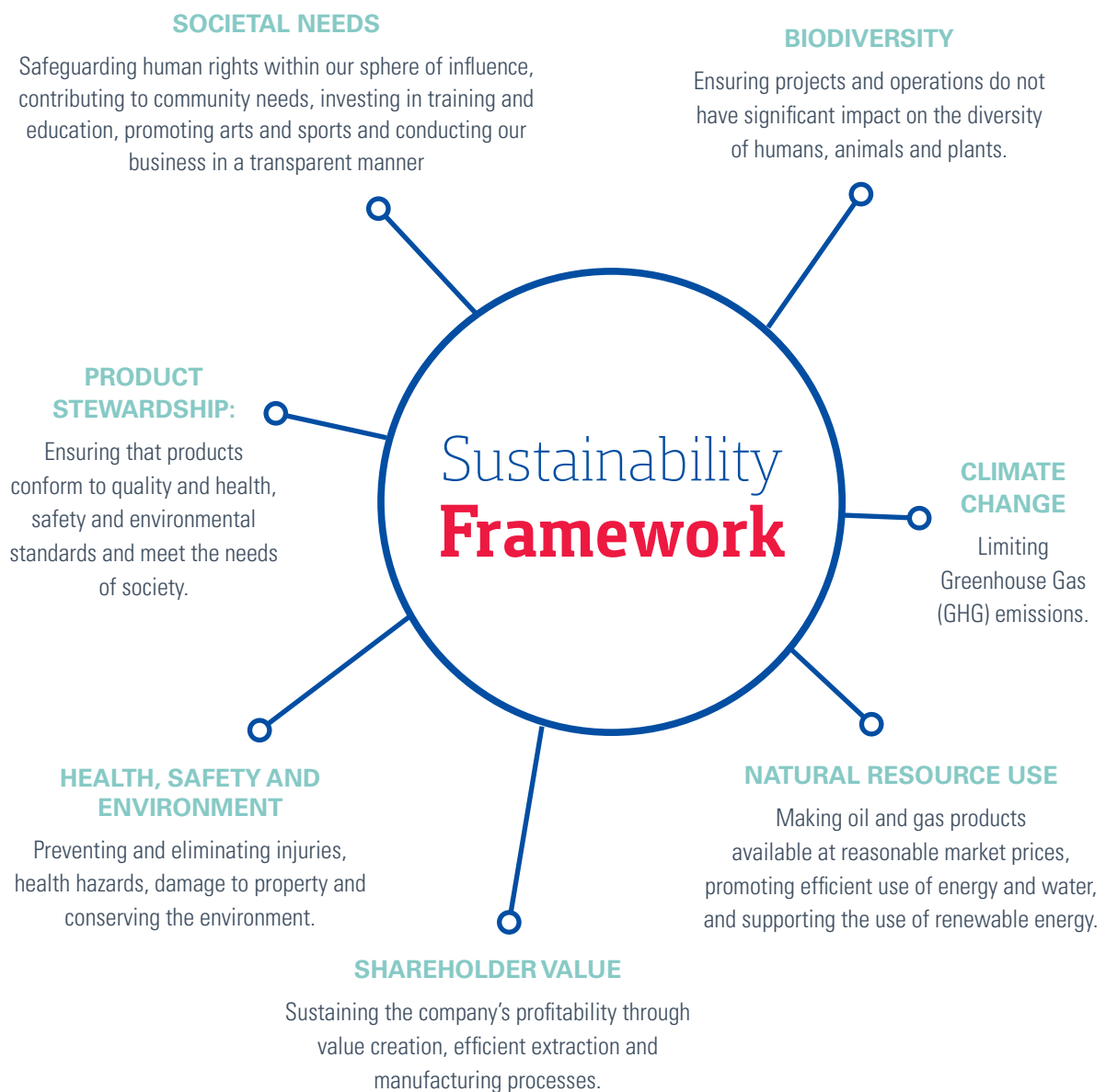
Strong relationships and proactive engagement with our stakeholders.

Financial Capital

Sustainable financial performance through value creation across human, social, natural and manufactured capitals.

To guide our efforts and streamline our activities, we have our sustainability framework which outlines the broad areas of interest to us.

The highlight of this framework are the **7 key results areas where we continually seek to make an impact.**



Our Business Environment

Global Environment

After disappointing economic growth figures for 2016, analysts project a better 2017 and 2018 economic performance, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy position of the incoming U.S. administration and its global ramifications. It is expected that by the time of the 2017 World Economic Outlook in April, there would be more clarity on U.S. policies and their implications for the global economy.

The second half of 2016 saw stronger-than-expected growth in advanced economies driven largely by reduced drag in inventories and manufacturing recovery. This advanced market growth was mirrored by an unexpected slowdown in emerging markets. The Euro market, on the other hand, showed less than expected growth weighed by political factors such as the Brexit vote as well as global migration perceptions.

For emerging markets, the growth rate of China, while still showing a downward trend, was better than expected due to continued fiscal stimulus. Firmer oil prices had a positive effect on the Russian economy, which performed above expectations.

Global Real GDP Growth Rates and International Capital Flows (%)

	2014	2015	2016	2017
World Output	3.4	3.2	3.1	3.4
Advanced Economies	1.9	2.1	1.6	1.8
US	2.4	2.6	1.6	2.2
Euro Area	0.9	2	1.7	1.5
Japan	0	0,5	0.5	0.6
UK	3.1	2.2	1.8	1.1
EM/Developing Economies	4.6	4	4.2	4.6
China	7.3	6.9	6.6	6.2
India	7.2	7.6	7.6	7.6
Russia	0.7	-3.7	-0.8	1.1
Sub-Saharan Africa	5.1	3.4	1.4	2.9
Nigeria	6.3	2.7	-1.7	0.6
South Africa	1.6	1.3	0.1	0.8

Source: BER

Forecasts for advanced economies have improved for 2017–18, perhaps due to their stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the U.S. growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economies—most notably India, Brazil, and Mexico.

The reporting year saw a number of economies grow by less than 2%, with the worst (in the table) being Japan, Russia, Nigeria and South Africa.

Commodity Prices and Inflation

Headline inflation rates have recovered in advanced economies in recent months following the decline in commodity prices, but core inflation rates have remained largely unchanged and generally below inflation targets. For Emerging Markets and Developing Economies (EMDEs), inflation developments have been heterogeneous, reflecting differing exchange rate movements and idiosyncratic factors.

Crude Oil

During the reporting year, there was a continuation of the “low-oil-prices-for-longer” environment and the crude oil price reached its nadir earlier in the year in January when Brent oil traded at US\$26 per barrel. Oil producing nations’ economies continued to face difficult financial conditions. The worsening economic status of OPEC and non-OPEC compelled these nations to start addressing jointly the continuing low oil prices. Ironically, the promised transfer of economic dividends to oil consuming nations stemming from low

Citac, this contraction, albeit small in percentage terms, represents a very significant reversal of a long-standing trend. Forecasts, however, point to a recovery in demand in the near future.

Africa’s refinery throughput rose only marginally by 1.5% and remains well below the continent’s nameplate capacity of 3.43 million b/d. This left Africa’s clean product supply gap at 82 million metric tons. Gasoil accounted for almost 70% of the shortfall.

Opec: Agreed Crude Oil Production Adjustments and Levels*

('000 b/d)	Reference Production Level	Adjustment	Production Level Effective Jan '17
Algeria	1 089	-50	1 039
Angola	1 753	-80	1 673
Ecuador	548	-26	522
Gabon	202	-9	193
Indonesia†	--	--	--
Iran	3 975	90	3 797
Iraq	4 561	-210	4 351
Kuwait	2 838	-131	2 707
Libya	--	--	--
Nigeria	--	--	--
Qatar	648	-30	618
Saudi Arabia	10 544	-486	10 058
UAE	3 013	-139	2 874
Venezuela	2 067	-95	1 972

(Source: Opec)

*Reference base to crude oil production adjustment is Oct '16 levels, except Angola for which Sep '16 is used, and the numbers are from secondary sources, which do not represent a quota for each member country.

† Indonesia suspended its membership.

oil prices did not materialise as the global economy continued to lag growth.

In September 2016, a decision by OPEC to cut production by 1.2 million b/d during the Algiers meeting constituted OPEC’s first joint market action since 2008. The new output limits for countries participating in the deal came into force in January 2017 and are expected to initially remain in place for six months.

Sub-Saharan Africa (SSA) Downstream Refining & Marketing

For the first time in 15 years, African oil demand ground to a halt in 2016 due to the economic slowdown caused by lower commodity prices, according to downstream consultancy, Citac. The scale of the economic slowdown, which saw GDP growth rates shrinking to 1.4% from 3.4% in 2015, was largely unexpected by markets as suggested forecasts of 3% were made by the IMF. This had an influence in the 0.2% reduced appetite for oil products. According to

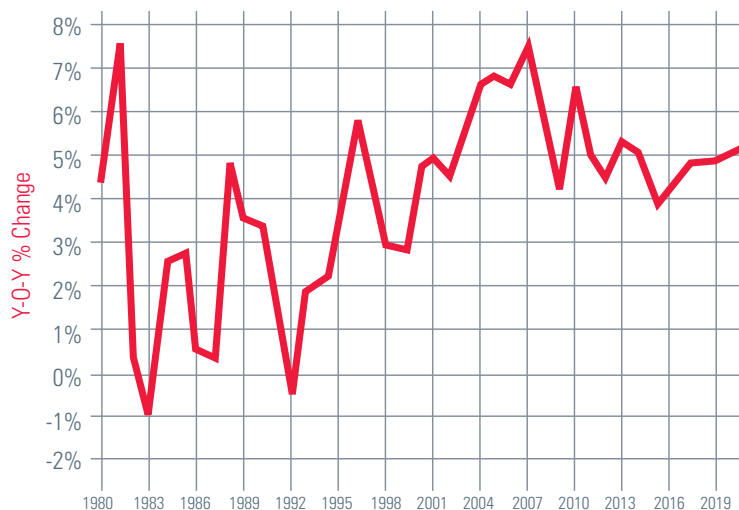
Sub-Saharan Africa Environment

Year-on-year average growth in the continent decreased to below 3.0% from over 5.0% in 2014, as measured for Sub-Saharan Africa by the IMF. It is difficult to construct a narrative on which structural factors are constraining growth of many countries on the continent.

Some of these countries have a limited capacity to boost economic growth through fiscal stimulus. Some have tried through increased infrastructure investments but the results have not been encouraging.

South Africa experienced a sluggish GDP growth rate of 0.2% in 2016. The review cycle by all three major ratings agencies near the end of the year saw the country battling a ratings downgrade amidst elevated political risk and likely policy shifts, which could undermine fiscal and economic growth outcomes.

Gross Domestic Product (GDP)



Standard and Poor's (S&P) rated RSA down from BBB+ to BBB with a negative outlook. Fitch Ratings affirmed South Africa's local and foreign currency rating at BBB- but changed the outlook from stable to negative, which brought its rating in line with S&P. Moody's retained South Africa's foreign currency rating at Baa2 (negative) — two notches above non-investment grade.

The Southern Hemisphere is recovering from a strong El-Nino-related event which caused drought conditions in a number of countries, particularly the Southern African region. Some countries like South Africa, Zambia, Malawi and Kenya have seen significant drops in their water resource capacity in parts of their countries. This has put into perspective the issues of climate change vulnerability in the region and the business impacts thereof.

The change of leadership in the U.S. has also created a degree of uncertainty in the markets on the direction US foreign policy will take and their position on the global climate change discussions. This happens when various climate-related events such as mass coral bleaching are being seen as the beginning of an era of amplified effects of climate change in the socio-economic environment.

During the reporting year, Liberia and Sierra Leone were declared Ebola-free. This comes after Guinea was also declared Ebola-free the year before. This is a significant achievement for these African states in a fight against an outbreak that affected international travel through the region. None of our affiliates reported cases of Ebola but they were affected through travel restrictions and customs controls required to manage the outbreak.

Our Key Relationships

We recognise that as a company we do not operate in isolation. Our ability to deliver value hinges on the involvement and actions of an array of different stakeholders.

Our value creation is dependent on the quality of the relationships we have with our suppliers, customers, shareholders and regulatory authorities. Furthermore, it is also determined by our relationships

with our employees, the communities in which we operate as well as the communities impacted by our services and activities.

Enhancing our value creation and eliminating or minimising our negative impact depends on our ability to listen and respond to our stakeholders. This is in line with the Code of Good Corporate Governance which calls for stakeholder responsiveness and inclusivity.

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.

Engaging our Stakeholders

Our stakeholders include all communities that are either influenced or can influence our organisation or the value that we deliver to the market. Through our stakeholder engagement policy and framework, we aim to shape these relationships to ensure a mutually beneficial coexistence.

The broad nature of our stakeholders means that many different views and expectations exist. We manage these by seeking regular engagement with all of our stakeholders. This is conducted in an open, transparent and honest manner, with frank discussions about issues that matter to our stakeholders and that are material to our business operations actively encouraged.

The network that constitutes engagement within the business is extensive and includes forums and steering committees across the business. These bring like-minded people together to harmonise their thoughts and objectives. The Energy Management Advisory Committee (EMAC), with its focus on energy management, is an example of one of these vehicles. We also convene a Risk Forum and a Stakeholder Engagement Forum and a number of related structures covering the breadth of disciplines within the business.

Process to Determine Materiality

Through our Stakeholder Engagement office, we manage engagement that is taking place in various areas of the organisation. A stakeholder issue is identified as material if it has considerable 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 we follow a process that covers all key stakeholder categories and the stakeholder groups within those categories. Since stakeholder engagement occurs at various levels of the organisation, we focus on the internal governance structures. These structures shape the organisation's responsiveness to stakeholder issues.

Through various workshops and the Stakeholder Engagement Forum, key issues are identified and assigned the right level of attention and tracked.

Community Engagement – Refinery

Our Refinery community engagement includes a forum, named the Engen Community Stakeholder Forum (ECSF). The ECSF acts as a platform for information sharing and alignment of effort and strategic objectives with the community of South Durban. This is an inclusive engagement platform which includes civic organisations, educators and union representatives, amongst others. The ECSF places particular focus on social and environmental issues, industrial relations and B-BBEE.

The ECSF continues our tradition of disciplined community engagement driven by key issues of mutual interest. Its 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 are a minimum of four meetings for the ECSF per year. Special meetings are called depending on need. Through this engagement platform, issues of material importance between the Refinery and local communities are identified and acted upon.

Involvement in External Activities

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. Engen is a member of the NBI Energy Efficiency Leadership Network Advisory Committee.

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.

- Shareholders
- Government
- Regulators

Engagement Channels	Material Issues
<p>Shareholders:</p> <ul style="list-style-type: none"> • Board & sub-committees • Quarterly reviews • Direct reporting by CEO • Executive committee meetings 	<ul style="list-style-type: none"> • Regional business climate • Transformation • Good governance and business ethics • Sustainable financial performance
<p>Government and regulators:</p> <ul style="list-style-type: none"> • Engagement dependent on topic • Meetings • Written communications • Through industry bodies and organised business representation 	<ul style="list-style-type: none"> • Regulatory compliance • Transformation • Good governance and business ethics • Protecting the environment

- Industry Bodies & Organised Business
- Professional Associations

Engagement Channels

Industry bodies and organised business, and professional associations:

- Meetings
- Participation in events and organised initiatives
- Participation-specific committees

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

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

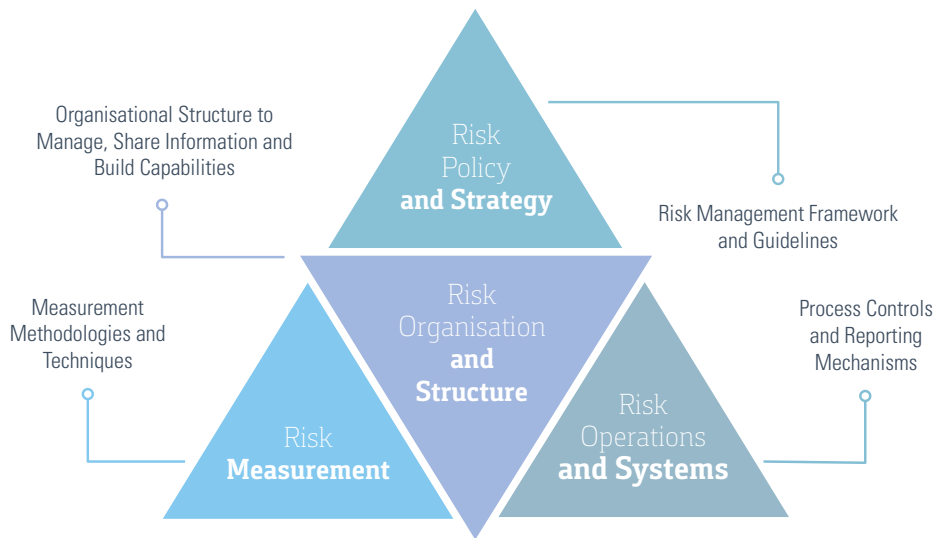
Key Relationships

Material Issues

- Regulatory compliance
- Customer and business partner value creation
- Safe and secure work environment
- Regional business climate

- Public and Local Communities
- NGOs
- Media

Engagement Channels	Material Issues
Public and Local Communities, NGOs and Media: <ul style="list-style-type: none"> • Corporate Website • Annual report • 24-hour community line (Durban) • Representative community forum • Corporate Social Investment (CSI) • Enterprise development 	<ul style="list-style-type: none"> • Protecting the environment • Responsible citizenship • Transformation • Regulatory compliance • Proactive stakeholder engagement



Our Material Issues/Risk

Our Approach

Our Risk Governance Framework is built around a strong risk policy and risk strategy.

We have adopted an effective Enterprise Risk Management system to identify, assess, monitor, report on, and mitigate 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 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. 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.

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

Our Risk Governance Framework

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

- 1) Governance
- 2) Context Setting
- 3) Risk Assessment
- 4) Risk Treatment
- 5) Risk Monitoring and Review
- 6) Continual Improvement

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 our 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

We manage all Health, Safety, Environment and Quality (HSEQ) risks through proper implementation of the HSE Management System and Mandatory Control Framework (MCF). Our risk management systems ensure that all risks to people, the environment, company assets, and company 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 practice, 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 our overall top risks as per the Enterprise Risk Administration policy.

The risk mitigation, together with ongoing implementation of the HSE MS and MCF, are monitored through different tiers of assurance. At site level, Tier 1 audits are conducted. These focus on specific elements, systems and areas, for example: permit to work. Engen 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 suppliers and contractors rendering high risk services.

Our Top Risks

Risk	Detail	Ref
<p>Social and Relationship Capital</p> <p>Regulatory compliance given the number of new regulations being promulgated across the spectrum of the business value chain. Staying abreast of these and realigning the business to maintain compliance is important to us.</p>	<p>There are several new regulations covering the environment, labour, shipping, energy, and privacy that are in the process of development.</p>	<p>Page 31</p>
<p>Financial Capital</p> <p>Risk of loss of profit and market position due to the evolving business environment.</p>	<p>The evolving business environment includes changes in product regulation, challenging economic conditions associated with low GDP growth as well as growing competition in the sector. This means businesses must relook their value creation process and optimise their positive impacts on the sustainability capitals.</p>	<p>Page 60</p>
<p>Manufactured Capital:</p> <p>Risk of equipment and infrastructure failure leading to injury and loss of product.</p>	<p>The prevention of major fires, and major product and oil spills is extremely important to us. In the event that these events occur, recovery and review of our systems to prevent future recurrence forms part of our operational culture.</p>	<p>Page 36, 70, 44</p>
<p>Human Capital:</p> <p>Risk of a high impact incident leading to injury or loss of life.</p>	<p>We constantly review and update our systems to continuously improve and learn from any incident. Through the application of our HSEQ-MS and MCF we aim to deliver value to our stakeholders with high standards of safety and care.</p>	<p>Page 44</p>
<p>Natural Capital</p> <p>Managing climate change and adapting to the impacts of its effects. In addition, the oil and gas industry also manages potentially hazardous chemicals. Protecting the environment from contact with them is highly important to us. In the event of loss of containment, we have systems in place to prevent or minimise environmental impacts and manage the effects thereof.</p>	<p>The recent El-Nino climate cycle presented a clear indication of the risks associated with resource supply uncertainty in Southern Africa. The impacts are economy-wide with socio-economic implications.</p>	<p>Page 50</p>

Our Operations

Our Equipment and Infrastructure

Refining

The Engen Refinery continued to extend its run of outstanding performance in 2016. Refining margins were strong in the first and fourth quarter of the year on the back of lower-than-planned but slowly rising crude oil prices.

Crude type enablement allowed for new varieties of West African crudes to be processed safely. This had a positive impact on the Gasoline, Liquid Distillates and Lubes (GLDL) percentage of the Refinery.

This performance was underpinned by mechanical reliability, with our Refinery achieving 98.1% versus a plan of 95.2%.

Our Refinery completed a reformer regeneration and CHD Catalyst dump and recharge in 17 days which was four days ahead of plan.

Through improvements and optimisation of the operating units, our Refinery also achieved a 13.5 month run length between outages. This was a significant improvement on previous run lengths of only nine months.

The combination of better reliability and shorter outages enabled our Refinery to achieve an Overall Equipment Effectiveness (OEE%) of 94.0% versus our plan of 88.6%.

The year under review also saw a concerted effort by our Refinery team to find innovative ways to address long-standing challenges that would stretch performance beyond what we always thought possible.

There was also encouraging success achieved through collaboration with other divisions within Engen to leverage opportunities in the supply chain and product offering.

The nitrogen vaporiser facility enabled a reduction in the reformer reactor cooling time to achieve a shorter product-to-product outage in September.

The Bunker Fuel Oil (BFO) loading arms were commissioned and have made a significant improvement in the loading time and reduction in risks with BFO loading at the Island View Complex in Durban.

The Carbon Monoxide (CO) Boiler was successfully recommissioned in the September outage after many years of poor reliability. This reduced the fuel gas consumption of our Refinery in the fourth quarter of 2016.

Through a number of different interventions, our Refinery was able to reduce its fresh water consumption by 8% compared to our 2015 consumption.



Engen Fuel Capacity Optimisation (EFCO)

Our EFCO investment programme is aimed at increasing supply chain capacity in order for us to meet demand and optimise our operations by making the required supply chain capacity interventions.

Some of the key initiatives of this programme were completed in 2016. This included the New Multi-Product Pipeline (NMPP) feeder pipelines at Island View to enable connectivity to the Transnet NMPP pipeline. This ensures security of supply to the Gauteng and inland South African markets, as well as neighbouring countries dependent on this supply corridor for their liquid fuels requirements.

In addition, the Back of Berth (BoB) Project was also completed in 2016. BoB has had a significant impact on reducing demurrage of imported product at Island View via the ship offloading berths, further improving our operational efficiencies in the Port of Durban.

...our Refinery was able to reduce its fresh water consumption by 8%...



Sales, Logistics and Distribution

The sales, logistics and distribution part of our value chain are focused on delivering our value added products to our customers. It consists of terminals and depots, and distribution and bulk transport centres which service our network of retail service stations and commercial customers.

With fuel demand growing steadily in South Africa over the last few years, we had to respond to our inland and coastal customer needs, noting specific focus on Gauteng where demand is largest, by improving our logistics network efficiency.

We identified key inland terminal and depot facilities for upgrades and completed the bulk of these in 2016. This includes the upgrade of our Rustenburg depot, which saw construction of two new tanks. Work continues on other activities on the site to ensure the commissioning of additional capacity in the first half of 2017. The project also includes the expansion of the loading bays, a rail siding and a new fire-fighting system.

We also embarked on expansion activities at our Pretoria Pipeline Terminal (Waltloo) and Witbank Pipeline Terminal to address the growth in demand in these areas as well as to enable enhanced supply during peak demand.

The construction of two new tanks at each of the facilities was also completed in 2016, with the remaining ancillary work being planned for completion in early 2017. The commissioning of this new capacity will take place in the first half of 2017. This will provide us with adequate capacity for growth in demand in the coming years, as well as address supply constraints being experienced in the short term.



In Namibia we completed construction of bulk fuels facilities in the north and the west of the country in 2016.

In Ondangwa in the north, we completed construction of a bulk fuels storage and handling facility. The development includes the installation of horizontal storage tanks for petrol and diesel, a large rail siding and rail offloading facility and a road loading gantry. Commissioned in the final quarter of 2016, this enhances the supply chain in northern Namibia and will support local sales as well as enable supply to the country's major trading partners of Botswana, Angola and Zambia.

In the west of Namibia in Swakopmund, we completed another bulk fuel facility, which was also commissioned in 2016. This will service key industries located in the area and includes a storage facility for lubricants, a pipeline to nearby mining activities, and two Light Delivery Vehicle (LDV) loading facilities.

To align with environmental legislation in South Africa, we completed the installation of Vapour Recovery Units (VRU) at all required facilities, including our depots in Kroonstad, Klerksdorp, Rustenburg, East London and Witbank. Our Durban Terminal, as well as the nearby Tara rail loading facility, were also included in this scope, and have been completed.

On the retail side of our business, we built five new service stations in South Africa in 2016. All are based on our new construction standards and incorporate energy saving features. There were also 29 service station upgrades in the country in 2016.

To expand our quality service and convenience partnerships we installed five new Woolworth Foodstops, 10 new QuickShops and 10 new fast-food outlets. We also completed 13 new 1-Plus outlets and six service station rebuilds. Seven of our flagship 1-Stop sites were revitalised.

In line with our transformation agenda, we placed a clear focus in 2016 on building and upgrading sites in the emerging markets in South Africa. In total, 10 retail service stations were part of the knockdown rebuild and upgrade programme to further stimulate growth in these areas.

To expand our retail network footprint in sub-Saharan Africa, our International Business Division invested in the construction and commissioning of 12 new retail sites across our various affiliates countries in sub-Saharan Africa.

Our affiliate operations in Reunion completed construction of a new retail site that incorporates energy-friendly technology. The service station at Beauséjour is part of a sustainable town design. It includes rain water harvesting, 80% water recycling at the car wash, a solar canopy and no air conditioning. It will also feature endemic plant species.

Amidst a prolonged severe drought in the Southern Africa region, we continued with the rollout of the Water Bar in partnership with Pure Lifestyle Water.

Our Sustainability

Our People

We continue to invest in developing our own pool of talent to meet our workforce needs. In striving to deliver excellent results, Engen employees are supported by professional and leadership development programmes. These structured programmes seek to strengthen key competencies and cultivate proactive mind-sets and behaviours, to deliver breakthrough performance.

The performance of our employees in the workplace is guided by six cultural beliefs: Results Matter, Own It, Focused Execution, Nurture Trust, Tell Me and Shared Success. These are supported by our five corporate values: Integrity, Performance, Ownership, Empowered and Teamwork. We believe that a strong corporate culture is crucial for us to deliver outstanding performance, to realise our Full Potential, and to leave a legacy for future generations.

Our people have been instrumental in influencing our financial capital during this reporting period. During a time of unprecedented global economic turbulence, 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 for our people is to develop strong leadership supported by capable teams.

Our Total Workforce

					Permanent				Grand Total			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Non-SA	37	34	30	47	573	564	643	594	610	598	606	641
SA	481	473	374	574	2 908	2 951	3 298	2 866	3 389	3 424	3 528	3 440
Total	518	507	404	621	3 481	3 515	3 941	3 460	3999	4 022	4 134	4 081

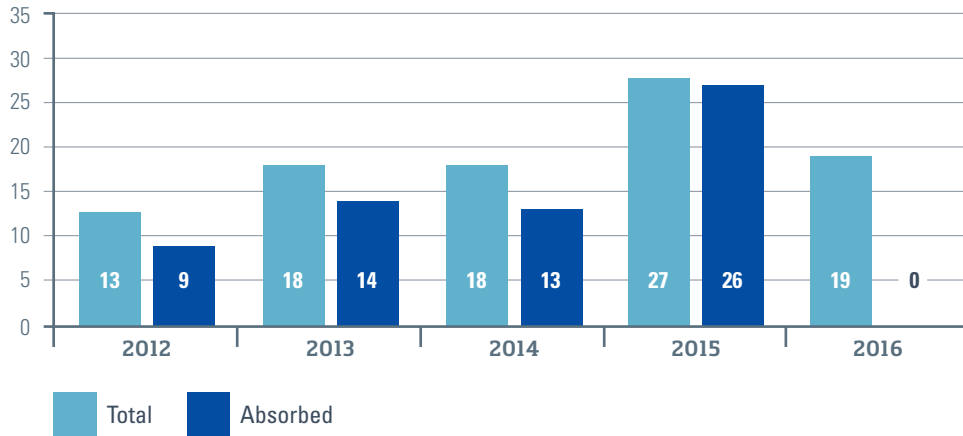
Developing Talent

We established an Operations Academy in 2015, which continues to assess and develop our core operational skills. The focus in 2016 was a 3% of total operational workforce monthly assessment, while a 35% target was achieved over the year.

In 2016 we established a Sales Academy to train and upskill our sales managers.

Our Graduate Development Programme (GDP) is aimed at exceptionally talented young individuals from previously disadvantaged groups. This sees graduates being mentored by dedicated and committed leaders within our business in order to hone their business acumen. In the year under review, 26 graduates received permanent employment, with 22 absorbed by Engen and four recruited by external companies.

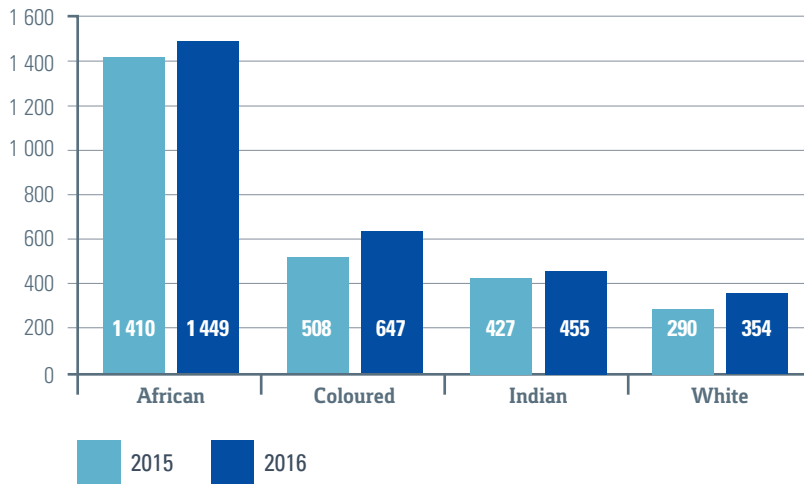
Number of students in the Graduate Development Programme



Note: Graduate absorption lags a year behind. The 2016 absorption figures will appear in next year's report.

Our talent management programme continues to equip our employees with the necessary skills and competence for their current roles and prepares them for potential future positions. In the past year, 65% of our employees have benefited from the programme.

Skills development provided from 2012 to 2016 for South African employees



We are committed to our tradition of developing talented young people, in the hope of addressing the structural nature of unemployment.

Our learnership programme, developed to respond to scarce skills within the industry and hard-to-fill vacancies within our business, is producing excellent results. In 2016 we offered training to both our employees as well as to unemployed learners. During the reporting year, a total of 378 individuals participated in the programme, 297 of them being unemployed. Apart from contributing to national skills development efforts, the programme enhances the skills of unemployed young people, increasing their chances of securing employment. It also addresses the challenge experienced by those who are unable to access training due to a lack of funds and also takes into account employment equity. In 2016, 123 of the participants were women, 121 were black and 26 were people living with disabilities.

The skills covered in our learnership programme include:

- Instrument Apprenticeship
- Fitting Apprenticeship
- Electrical Apprenticeship
- Fitting Learnership
- Diesel Mechanic Apprenticeship
- Welders Learnership
- National Professional Driver Learnership
- Production Technology Learnership
- Chemical Operations Learnership
- Business Administration Learnership (for persons living with disabilities)

The Business Administration Learnership progressed to NQF Level 3 in 2016, which will be completed in 2017. This programme is being conducted in partnership with the Project Management Institute (PMI).

Our HSEQ Capability Development seeks to ensure that our employees are able to perform at high levels in the ever changing business environment. Building their knowledge and skills is part of this capability development programme. Being able to apply the knowledge and skills learned in different contexts, in order to make the correct decisions, is the difference between capability and skills.

During the period under review, various Health, Safety, Environment and Quality discipline training was conducted. HSEQ Practitioners were then assessed on the Generic Ruler. They are in the process of putting together gap closure plans.

Our HSEQ Capability Development focuses on different learning methods to grow HSEQ practitioners within the organisation that aim at building capability to meet current organisational goals, and for future growth.

Employment Equity

Engen is keenly aware of the crucial role played by a diverse workforce in today's globalised and digitally connected business and

social environment. Diversity provides organisational resilience and adaptability. It also enhances our ability to appeal to the hearts and minds of our diverse customers.

Employment Equity statistics reported cover the period 1 August 2015 to 31 July 2016 as per the Department of Labour's reporting requirements.

We continue on our journey towards the creation of a diverse workforce. This has resulted in a 4.2% increase in black employee representation and 3.4% increase in female employee representation since 2013. At management levels, the representation of black employees increased by 7%, and female management representation increased by 3.8% in this time. We increased the representation of employees with disabilities from 1.5% in 2013 to 2% in 2016 (excluding learnerships).

Engen remains committed to employment equity and we will continue to focus on creating a workforce that is representative of South Africa's demographics. Addressing the representation levels of African managers, females and people with disabilities at all levels, as per our 5-year Employment Equity Plan, remains a key area of focus.

Management commitment and accountability is assessed against divisional performance scorecards, of which Employment Equity is a key performance indicator.

In order to achieve future qualitative and quantitative targets to drive people transformation, Engen is in the process of reviewing its Talent Management processes.

Collective Bargaining

Our relationship with our people is a key pillar upon which the achievement of our business goals lies.

A multi-year agreement entered into with trade unions in 2013 expired on 30 June 2016. As such, we participated in substantive wage negotiations in the year under review.

2016 Workforce Diversity – South Africa*

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Executive Management	2	1		2	2	1	1		3		12
Senior Management	24	17	21	30	11	7	2	8	6	1	127
Professionally Qualified	190	154	160	138	113	80	34	68	15	4	956
Skilled Technical	295	136	117	64	255	122	39	44	2		1 074
Semi-skilled	518	96	72	16	116	33	10	7	1		869
TOTAL PERMANENT	1 029	404	370	250	497	243	86	127	27	5	3 038
Temporary Employees	10	14	14	10	9	14	13	1	3		88
GRAND TOTAL	1 039	418	384	260	506	257	99	128	30	5	3 126

* As reported to the Department of Labour on 31 July 2016

Engen is a member of South Africa's National Petroleum Employers Association (NPEA), which represents the Petroleum Sector in centralised collective bargaining processes. The 2016 substantive wage negotiations commenced in June and were finalised in August following industrial strike action within the petroleum sector as employers and labour could not reach an agreement within the allocated engagement rounds.

The strike lasted for three weeks with a minimal impact on our operations. The parties eventually agreed on a multi-year agreement for the next two years covering the period 2016/2017 FYE and 2017/2018 FYE.

Union recognition agreements are currently underway in Namibia, Gabon and Tanzania to formally recognise trade unions as bargaining agents for their respective members within those Engen markets.

While our engagement with unionised employees takes place through centralised collective bargaining in South Africa, in our markets outside of South Africa where workers are not unionised, we have an open engagement with all employees.

We continue to utilise consultative structures to engage with all members of our unionised workforce on issues of mutual interest. The Operations Consultative Forum (OCF) deals with operational issues for our outbound supply chain employees and the Refinery Consultative Forum (RCF) covers issues affecting our Refinery employees.

The National Consultative Forum (NCF) deals with key strategic issues of mutual interest which impact the organisation in line with our long term future growth plans.

Organisational Health

Engen's Organisational Health Service comprises a wide collection of health-related activities and links with risk management, legal compliance, human resources and industrial relations; hence the use of the term "Organisational Health", as opposed to the more widely used "Occupational Health".

The key objectives of our Organisational Health service are to support the company and our employees in the following areas:

- To satisfy our Occupational Health related compliance requirements (legal and quality);
- To maximise the productivity and quality of life of our employees through health initiatives aimed at optimising their health and wellbeing; and
- To reinforce Engen's position as an employer of choice by providing a tangible expression

of the company's care for our employees, thereby encouraging employee engagement and attracting the best talent available.

Our Health and Wellness activities are arranged into the Occupational Health Service and the Employee Wellness Service.

Occupational Health Service

The key purpose of the OH Service is to control work-related health risks to employees. This is achieved through workplace health risk identification and risk control.

Summarised process of OH risk control

Our main Occupational Health hazards are chemicals, noise, fatigue and ergonomics. In addition, our international travellers face the risks of long flights and potentially hazardous destinations.

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. In addition, the health team conducts biological monitoring of exposure to augment the air measurements, to provide a comprehensive understanding of exposure.

Our 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 ("medical surveillance"), continued uneventfully in the year under review. Note that whilst all our employees are offered annual health screening, 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 is voluntary (is part of the Employee Wellbeing Service covered below).

Employees diagnosed with a chronic disease are monitored by Engen's occupational health staff and, where applicable, are registered on the Engen Medical Benefit Fund's chronic disease risk management programme. This close interaction between employees, occupational health staff, line managers, a network of selected service providers, and the Engen Medical Benefit Fund plays an important role in safeguarding employee health. Controlling chronic disease contributes significantly to Engen's sustainability as it has a positive effect in two ways; for all employees, it halts the progress to impairment and disability, and for employees involved in safety sensitive work, it reduces the likelihood of accidents.

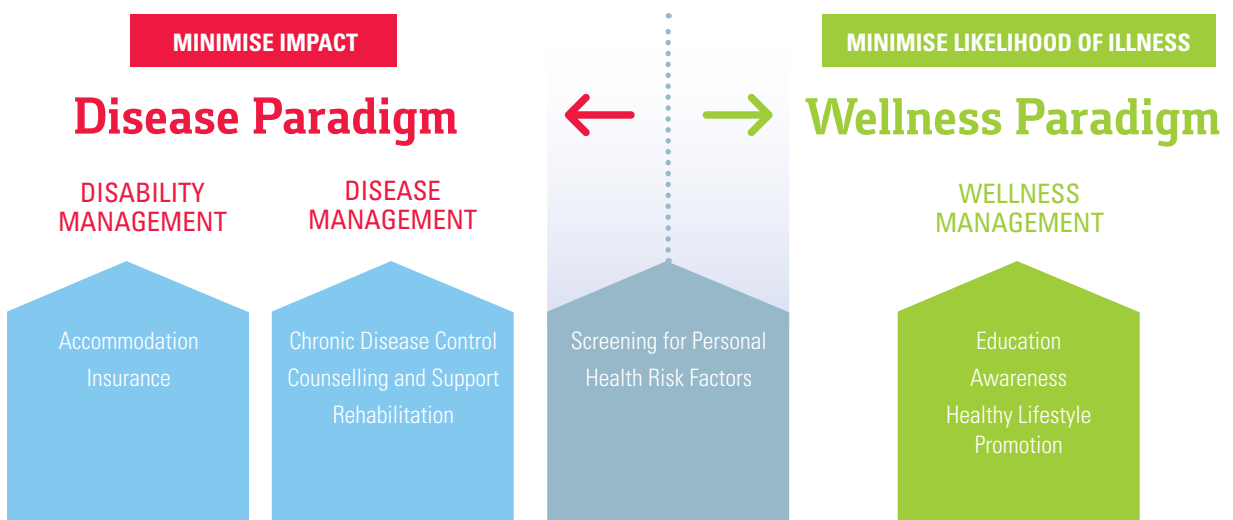




Employee Wellness Service

The key purpose of our Employee Wellness Service is to optimise the general health of employees. This is achieved through personal health risk identification and personal health risk control.

Overview of Engen's integrated Employee Wellness Service



The health promotion component addresses several topics that touch the lives of Engen employees, including reproductive health, tuberculosis, smoking, financial fitness and dealing with stress.

Safety

We continued our efforts to create a safe working environment throughout our facilities, with focus on Process Safety and improving our road transport related safety performance. Regrettably, despite our commitment to safety, we experienced two fatalities in FY2016: one at the Refinery during a LPG loading activity and the other in our Sales and Marketing distribution department, where we had a road accident fatality. We have further intensified our focus on safety and once again convey our sincere condolences to our deceased colleague's families and friends.

As part of the Contractor Life Cycle Management (CLM) process, we have reviewed contractor Health, Safety, Environment and Quality (HSEQ) standards to ensure that we have a safe work area to curb work related fatalities and Lost Time Injuries.

We have also bolstered the HSEQ section of our procurement by developing training material for prospective suppliers who meet B-BBEE requirements but require assistance to meet our strict safety standards. HSEQ-focused Enterprise Development workshops were held, supported by discussion and gap closure plans with prospective suppliers. Specialised programmes for Hazards and Effects Management Process (HEMP) Training, Emergency Response Training

for Incident Commanders and Process Safety Workshop were held to further enhance the skills of our employees.

We make a 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. Looking ahead, 2017 initiatives include: the review of the Refinery Safe Loading Pass and inclusion of sub-contractor requirements in the Contract Lifecycle Management (CLM) process. Furthermore, high risk contractors have been identified and a plan developed to conduct re-assessments in 2017. Process Hazard Assessment (PHA) for Engen Depots will be reviewed as part of a planned activity. We have also engaged with the LPG Gas Association to standardise new loading arms and couplings for our sites that will be an industry standard. Our engagement with the South African Petroleum Industry Association (SAPIA) is set to continue to develop offloading standards for retail sites so that we prevent flash fires.

We will also continue with awareness initiatives aimed at creating a culture of ownership and care with respect to safety. In 2016 we started to roll out the PETRONAS Cultural Beliefs, which encourages the team to be more safety conscious and drives recognition. A key initiative - Human Factors - will be rolled out to the Operations and Engineering teams so that we sustain a safe work area from design to operation.

Safety Performance

	2011	2012	2013	2014	2015	2016
Lost Time Injury Frequency (LTIF) (per 200 000 man hours)	0.25	0.24	0.18	0.12	0.14	0.28
Total Recordable Rate (TRR) (per 200 000 man hours)	0.69	0.34	0.36	0.44	0.50	0.65
Work-related Fatalities	0	0	1	1	0	2



We continually seek new ways and methods to enhance the culture of safety within the organisation and with the stakeholders we interact with.

The table preceding shows an increase in Work Related Fatalities, LTIF and TRR during the reporting period. We have identified key initiatives for 2017 to improve our performance in these areas. These include reinvigoration of our Zero Tolerance rules across the business, a continuation of our focus on incident investigation and a greater focus on the STOP Programme as a leading indicator which will allow us to proactively act to curb incidents.

Social Investment

As our commitment to being a responsible corporate citizen, it is our policy to conduct business in a manner that is compatible with the economic, social and environmental needs of the communities in which we operate. The concept of nation-building is the central tenet of our social investment activities.

We have a particular focus on community development in the areas of education, health and the environment. We have a number of programmes that aim to touch the young and the youth to create a new breed of environmentally aware young professionals.

Engen's community activities talk to some of the key social challenges that affect our communities today. These include the skills shortage and its impact on economic growth and poverty,

chronic and lifestyle illness as well as HIV/AIDS, and product safety for vulnerable communities. To achieve these, we partner with public, private and non-profit organisations that share our passion and commitment to dealing with these issues.

We acknowledge that we are an integral part of the various communities in which we conduct business. It is from these communities that our future employees and leaders emerge; the very people that will take our organisation into the future. As a company, we pay particular attention to the alignment between the relevant national imperatives, our organisational focus and community developmental aspirations. Our Social Investment programme is therefore designed to achieve mutual benefits for all stakeholders.

In 2016 we started to pay particular attention to Supplier Development initiatives. The details of these are covered in the Transformation section of this report.

In the year under review, we continued with our Engen Maths and Science Schools programme, but regrettably did not continue with our Driver Wellness and Paraffin Safety programmes. These will both be resurrected in 2017 .

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.

Overview of our Social Performance

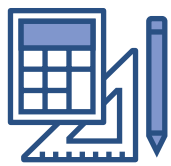
	2016	2015
CSI Initiatives (money spent)	R28 m	R20 m
Enterprise Development (money spent)	R47.2 m	R19.9 m
Enterprise Development (number of businesses reached)	3 902	2 764
Supplier Development (money spent)	R67.4 m	R nil

Engen Maths and Science Schools

The main aim of the Engen Maths and Science Schools (EMSS) is to develop a growing pool of technical talent with a focus on supplementary support to government efforts in Maths, Science and English. This is aligned to the scarce skills set in the oil industry and society at large.

The EMSS have a long-standing history of attaining academic excellence from its learners. Year after year, the programme's outputs contribute greatly to critical skills sectors such as engineering, accounting and medicine.

The EMSS programme has consistently maintained excellence, outperforming the national average every year and 2016 was no different.



9 Maths & Science Schools



Number of learners enrolled: 1 881 in 2016

Number of teachers: 9 centre coordinators and 33 educators in 2016

Matric pass rate: 94% in 2016

- Cape Town (Western Cape)
- Johannesburg (Gauteng)
- Howard College (KZN)
- Ganges (KZN)
- Mangosuthu University (KZN)
- Fairvale (KZN)
- Cala (Eastern Cape)
- East London (Eastern Cape)
- Port Elizabeth (Eastern Cape)



Pictured: (L-R) Sasasa Dlamini with Alice Msibi, Engen Education Programmes Specialist, Athini Mqolora and Olwethu Bitterhout.



EMSS achieved a 94% pass rate and a 70% bachelor pass rate for those learners who wrote matric in 2016.

The two largest provinces in the EMSS programme, the Eastern Cape and KwaZulu-Natal, also happen to have amongst the country's highest enrollers in quintile 1 to 3 schools.

Although the matter of quintile is highly debated, it does provide context to the situation on the ground. For Engen, having programmes that run in provinces that have vast socio-economic disparities, it becomes important to consider the diversities that will be seen in the outputs of the programmes.

Students from these two provinces who excelled and achieved incredible results against all the odds in 2016 include: Olwethu Bitterhout from Solomon Mhlangu High School in Port Elizabeth achieved 7 distinctions and is set to study mechanical engineering at the University of Cape Town (UCT) in 2017; Athini Mqolora from Wongalethu High School in Mdantsane, East London achieved 6 distinctions and enrolled at UCT to study medicine; and Sasasa Dlamini from KwaZulu-Natal was accepted into Harvard University to study towards an economics and philosophy degree.

Health and Safety Support to External Stakeholders

Road Safety

We collaborated with the Department of Transport, the Road Traffic Management Corporation and Youth in Road Safety to launch #Ridewise, a road safety campaign which is aimed at increasing awareness around the dangers of texting and driving, driver fatigue and speeding and the impact it has on motorists and pedestrians.

Our investment of R2.5 million will help #Ridewise roll out over a one-year period from December 2016 to November 2017.

Paraffin Safety

Our Corporate Affairs division and affiliated communications agencies – Magna Carta, PHD and Posterscope – collaborated to transform the Freedom No. 2 Tuck Shop in Nyanga, Cape Town. With paint and purpose, the idea was to focus a team building initiative around our previous investments in paraffin safety such as Klevakidz and the branding of Spaza Shops with key paraffin safety messages in high-visibility areas.

Community Outreach

Drought Relief

We handed over a cheque for R1 million to Agri SA for drought relief at the 2016 Nampo agricultural show. The donation was made in response to a call for help from the agricultural company Senwes. We have long maintained a keen agricultural focus, with one in every two South African farmers depending on Engen quality products, local expertise and global technical excellence. Our contribution represents another step in our commitment towards supporting those in dire straits in a sector whose value we really understand.

Work4You

We contributed eight bursaries to Work4You in 2016. Work4You is a non-profit organisation that trains young adults with intellectual disabilities in order for them to gain relevant work experience, which can lead to full-time employment. Until 2016, our support for Work4You involved providing a petrol allowance which enabled job coaches to visit the young adults at their various work centres. However, in line with our CSI goals – to include people with disabilities - we decided to deepen our involvement in helping Work4You accomplish one of their key strategic goals: to reach a more diverse and representative group of young people.

Dealer/Employee Community Partnership Programme

The DCPP and ECPP support and encourage Engen dealers (franchisees) and Engen employees to get involved and play a meaningful role in their local communities. As part of these programmes, Engen matches the equivalent money raised by the dealers or employees.

DCPP

Moved by the work of the Smile Foundation, the owner of Engen North End Convenience Centre, Helder Silva, along with six other Engen service station owners from the Eastern Cape, raised R35 000. The money enabled 17 children in the Eastern Cape to undergo facial reconstructive surgery.

The Engen Bloemfontein 1-Stop raised R360 000 for the Children of Castle Bridge School, an under resourced school in Bloemfontein that has a proud record of academic excellence. The money was used for the construction of a modern science lab and the renovation of 20 classrooms.

ECPP

We donated R50 000 towards renovation of the Ekuphumleni Old Age Home in Zwide, Port Elizabeth, which was earlier gutted by fire. Some of our employees played their green thumbs forward when they visited the Alexandra Disability Movement (ADM) in August 2016, demonstrating their gardening skills by revamping





the centre's vegetable garden and planting a variety of vegetables and herbs. They also handed over a cheque for R30 000 along with a donation of beanies, scarves, blankets, ponchos, garden equipment, pots, linen and some groceries.

Sponsorships

Our sponsorship activity has historically had a positive impact on Engen's brand image, contributing to brand awareness and loyalty within the communities in which we operate.

Football

Football remains our premier sponsorship programme and is a key driver in delivering brand stature attributes. Our brand's football presence is spearheaded by our continued sponsorship of South African Premier Soccer League team, SuperSport United. With the appointment of a previous national coach, the club performed excellently in the latter half of 2016 and finished off the year leading the Premier Soccer League log table.

The club's cup performances mirrored their league achievements, with the Blues reaching the finals of the Telkom Cup and winning the prestigious Nedbank Cup. This latter performance qualifies the football club for the continental Confederation of African Football (CAF) Cup Winners Cup in 2017.

This sponsorship partnership delivered numerous stakeholder engagement opportunities which included school coaching clinics, community cancer awareness activations and staff interactions.

In the year under review, we celebrated our thirteenth year of youth football support with another successful staging of the annual Engen Knockout Challenge (EKOC) under-17 football tournament. Activated in five provinces across South Africa between June and August, the EKOC has established itself as one of the country's

premier under-17 youth football programmes. Since its inception in 2004, the EKOC has seen over 30 000 young football hopefuls participate through the qualifying and cup challenge phases.

The EKOC continues to receive support from the South African Football Association (SAFA) and remains an identified key youth football programme within the administrator's technical youth master plan.

This exceedingly popular programme on the amateur youth tournament calendar has established itself as an essential scouting ground, generating interest from national selectors and talent spotters from professional clubs both locally and abroad. Since its inception, it is estimated that over 130 young players have progressed into professional and semi-professional structures within the sport.

The Engen sponsored 'Champ of Champs' youth football tournament hosted by SuperSport United, which was staged in the fourth quarter of 2016, was regrettably cancelled after one of the participating players collapsed whilst competing in the opening day's first fixtures and later sadly passed away. As a mark of respect for the player, his family and fellow team members, and after consultation with all teams participating, a decision to halt further competitive fixtures was taken by the host club.

Motorsport

Our long and successful association with motorsport continued in 2016 with our sponsorship of the Xtreme Audi team in the inaugural Global Touring Car (GTC) Africa Championships as well as the Engen Volkswagen Cup series. The latter has a strategic commercial partnership linkage to Volkswagen South Africa and the supply of product to the automaker's production plant.

The Xtreme Audi programme continued to contribute brand building and awareness of Engen's top-tier automotive lubricant and its "proof-of-performance" positioning. The Volkswagen Cup series promoted Engen's Primax Unleaded fuel with all competitors utilising the product in competition.

The Xtreme Audi team celebrated yet another outstanding and dominant performance in the country's premier saloon category by being crowned 2016 Global Touring Car Africa champions. It was their third national championship title over the past six years.

Cycling

Due to an organisational requirement to rationalise operational expenditure, a management decision was taken not to activate the Cape Town Cycling in the City event.



Protecting the Environment

As a responsible oil company, we are committed to sustainably meeting our customer's energy needs by minimising our impact on 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 providing input into various areas of society. For these reasons, environmental sustainability is a prominent feature of our business strategy. We are committed to preventing and reducing the negative environmental impacts of our operations and strengthening 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. Furthermore, we have a well-entrenched culture of risk management and a dedicated team focusing on Health, Safety, Environment and Quality (HSEQ) assurance. Where environmental matters are included, all systems are in place to protect the environment and they are regularly assessed and strengthened.

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

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)



Water Management

Wastewater Management

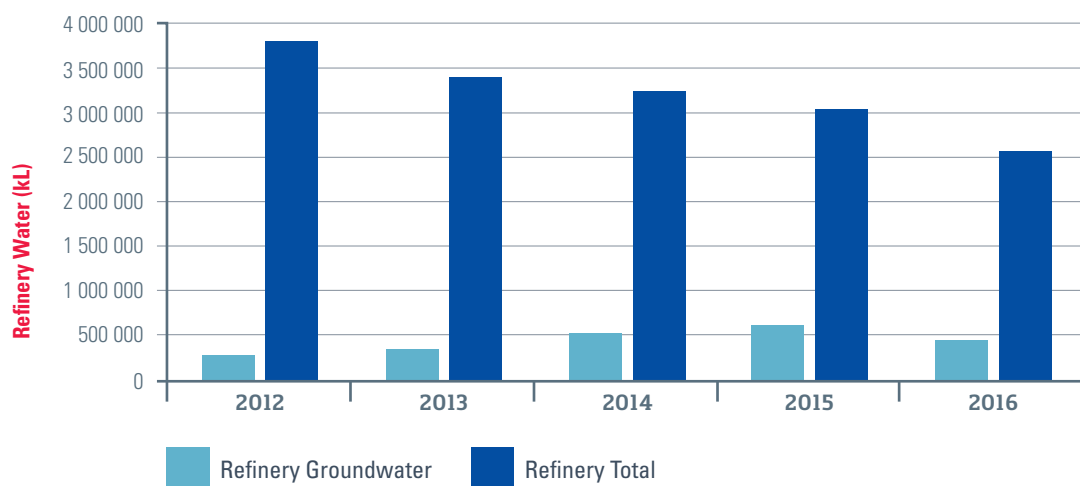
Most of our effluent emanates from our Refinery and it is pre-treated to conform to the requirements of the third-party wastewater treatment plant. Due to various water-saving initiatives at our Refinery, the characterisation and volume of the effluent changed and consequently adaptations had to be made. At some depots, distribution centres and our Lubricants Oil Blending Plant, the wastewater is channelled to the municipal sewer for which trade effluent permits have been obtained or renewed.

Due to the remoteness of many of our 1Stop retail service stations, they are not linked to the municipal infrastructure. As such, bioreactors were recently installed at six of these sites. Encouraging results in terms of General Authorisation limits have been achieved to date.

Some of our facilities operate in areas with highly-stressed water resources. Our refining process accounts for most of our water requirements. In the reported water withdrawal figures, please note that the water withdrawal of our Island View facilities (IV A, IV B, IV C, IV D and Zenex) and our Durban Terminal have been included in the Refinery water withdrawal volumes.

Our Refinery continues to show significant improvements in systems efficiency and reliability, which have led to improved water management over the past five consecutive years. During this period decreases have been attributed to a reduction in throughput as well as successful water efficiency initiatives, which continue to result in significant water withdrawal savings. Optimisation of water use for Engen Sales and Marketing (ESM) has remained a top priority across our business and has resulted in the consistent reduction of water consumption over the past five years.

Water Withdrawal



In 2016, an updated Mandatory Control Framework was launched with further enhancements to manage waste water. The process of rolling this out across our business is in progress and will include enhancement of wastewater abatement and control systems and water saving measures. The target is to have these and other specifications in place by July 2017.

Freshwater Management

Water-related risks are amongst the most concerning in the semi-arid Southern African region, where we conduct much of our business. Business risks related to water mainly include physical risks, reputational risks and regulatory risks. All have financial impacts. Physical risks typically speak to water scarcity or water supply security, issues around pollution in catchment areas, impacts on local ecosystems and water supply risks. This is further coupled with regulatory and reputational risks which may include service delivery protests, access to safe drinking water, access to sanitation and more rigorous reporting requirements and restrictions by government.



Southern Africa is currently suffering from the severe effects of a drought owing to sporadic rainfall over the past few seasons. This has been especially evident across much of South Africa, particularly in the winter-rainfall region of the Western Cape and summer-rainfall regions of KwaZulu-Natal, Free State, Eastern Cape, Limpopo, Mpumalanga, North West, and the Northern Cape. Namibia, Botswana, Mozambique and Zimbabwe have also been affected. During the reporting period, dam levels remained critically low. Engen recognises that the best time to save water is when it is available. To this end we continue to embark on water reduction strategies across our business. During 2017 this will include further installation of water saving features and adaptation systems for many of our facilities.

Soil and Groundwater

We continue with our efforts to prevent contamination of land and groundwater resources. We also manage and minimise impacts on affected areas and we have improved categorisation of contaminated sites to speed up the process of scientific site assessments with assistance from third party experts.

Soil and groundwater can be affected by our operations if there are underground infrastructure leaks. Most of the time this is prevented by integrity tests at regular intervals and stock reconciliation.

Bulk tanks are sometimes overfilled but impermeable surfaces and bunding contain loss of product without it contaminating the environment. Cross-functional teams discuss sites with special circumstances to get engineering, legal and technical input regarding the approach to take. Remediation initiatives, voluntary or required either by a third party or a regulator, are followed, progress reports are sent as required and close-out reports are submitted to the authorities for final decision-making.

Our procurement process has been reinvigorated and contract life cycle management, as set out by the tender board, is followed. The process places more emphasis on B-BBEE compliant consultants as preferred vendors. These consultants undergo further HSEQ assessments to ensure they are capable of providing their service to the business adequately and in a safe manner.

In October 2016, an audit was conducted by PETRONAS on soil and groundwater. The outcome of the audit included minor findings regarding our general approach and management of site contamination for which we already had risk reduction plans in place.

Energy Management and Climate Change

In our previous report, we noted the need to improve our carbon footprint given the deliberations from the COP 21 Paris agreement. South Africa, as a participant to the United Nations Framework

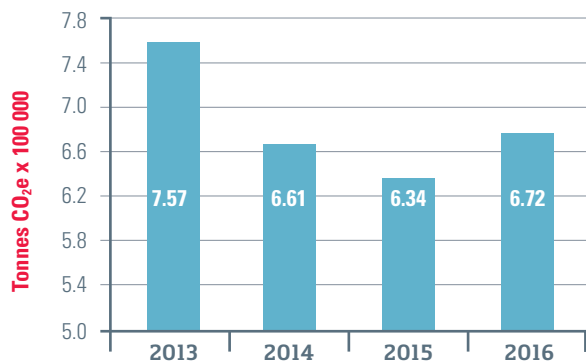
Kigali Amendment Timelines

Time	Article 2 States	Article 5 States (Grp 1)	Article 5 States (Grp 2)
Baseline HFC Component	2011 - 2013 (Average Consumption)	2020 - 2022 (Average Consumption)	2020 - 2022 (Average Consumption)
Baseline HCFC Component	15% Baseline	65% of Baseline	65% of Baseline
2019	10%		
2024	40%	Freeze	
2028			Freeze
2029	70%	10%	
2032			10%
2034	80%		
2035		30%	
2036	(Plateau) 85%		
2037			20%
2040		50%	
2042			30%
2045		(Plateau) 80%	
2047			(Plateau) 85%

Convention on Climate Change (UNFCCC) and a developing country under the Kyoto Protocol, has advanced the national effort needed to address the immediate climate change crisis through various legislative platforms.

During the reporting year, the Kigali Amendment constituted another landmark global commitment under the auspices of the Montreal Protocol. Under this amendment, developed nations agreed to start phasing out hydrofluorocarbons (HFCs) by 2019. Developing nations were split into two groups with one group freezing HFC consumption by 2024 and the second group by 2028. HFCs replaced chlorofluorocarbons (CFCs – which destroyed the ozone layer and were also potent greenhouse gases) as refrigerants. They have a global warming potential (GWP) that ranges from four times that of CO₂ (HFC-161) to 12 400 times (HFC-23). The Kigali Amendment was supported by 197 states

Engen Scope 1 Emissions



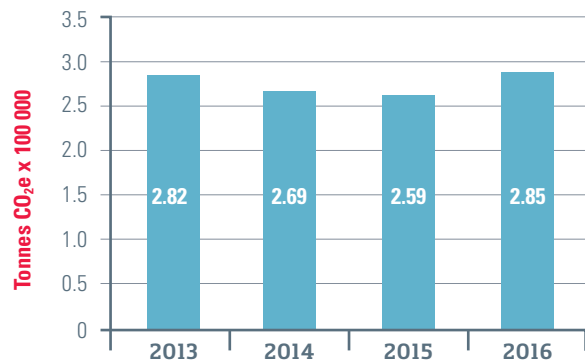
that are signatory to the Montreal Protocol and is a legally binding agreement.

It is worth noting that these emissions (mainly from cooling systems) are not reported or monitored at the moment. If they were, large office buildings and residential properties would be among the affected.

As an active player in the energy sector, we consider sustainable development one of our primary focus areas. This includes regular engagements with external regulatory bodies and industry associations ahead of the promulgation of several climate change regulations, viz. the Greenhouse Gas Reporting Regulations, the Pollution Prevention Plans and the taxation of carbon emissions.

There has been continued emphasis on energy and climate change data quality at Engen. This plays a significant role in the business

Engen Scope 2 Emissions

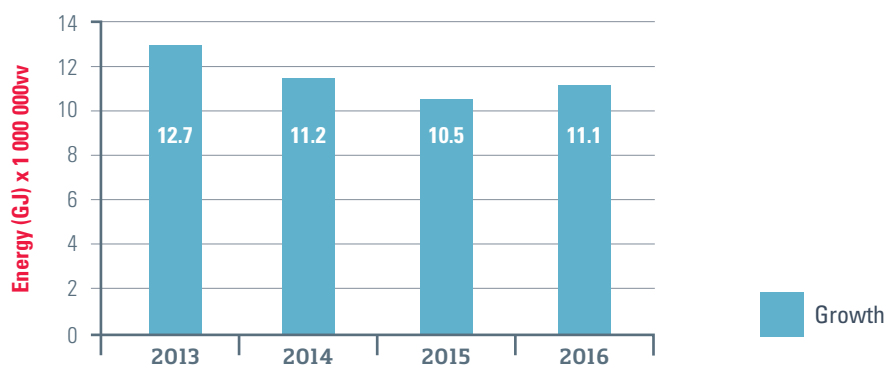


outcome and provides opportunity for target setting. Initiatives like data integrity assurance are closely related to improving the measures we already have in place in order to further our efforts in mitigating climate change.

Our emissions are closely linked to production and the increase in emissions for 2016 is due to our higher Overall Equipment Efficiency (OEE) and reduced downtime at the Refinery.

The South African government has introduced a draft energy management regulation which focuses on developing a management system to promote the efficient use of resources. We have welcomed this ideology and continue to implement the outcomes of the Private Sector Energy Efficiency (PSEE) project initiated in 2015 in partnership with the National Business Initiative.

Energy Consumption



Our energy consumption during the period followed the same trend as indirect emissions showing a slight increase as a function of increased Refinery output.

This has created a platform for an energy-efficient business model. Through this initiative, we have made interventions that are being rolled out throughout the business and we will report on their outcome in our future reports.

Through the Energy Management Advisory Committee, we continue to manage our energy efficiency initiatives. We are close to completing of the green eco-site in Reunion, which combines cutting edge environmental features with leading service station and convenience functionality. Also in Reunion, we are in the process of implementing ISO 50001 energy management standards. In South Africa all our new retail sites include an energy efficiency build package which differs on a site-by-site basis. The package includes efficient lighting, cooling, insulation and automatic light adjustment features. We are in the process of integrating energy efficiency procurement techniques to our maintenance systems. Through these, the replacement of inefficient equipment will prioritise energy efficiency. These activities are largely focused on scope 2 emissions, we expect that as they roll out, we will begin to see a change in emissions for specific facilities.

Atmospheric Emissions

Air Emissions

All Engen sites with listed activities have been issued Air Emissions Licences. The National Atmospheric Emission Inventory System (NAEIS) submission for all the sites was done within the prescribed timeframes from the Department of Environmental Affairs (DEA) and passed verification by the DEA.

At Engen we recognise the importance of natural capital and are keenly aware that our 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 on 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 particulate matter which was reported at 217 tonnes in 2014 and is now reported at 83 tonnes. The new factors are based on USEPA-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 (tons per annum)	2013	2014	2015	2016
Refinery SO ₂	2 480	2 240	2 150	2 151
Refinery NO _x	-	1 044	1 054	1 103
Refinery Filterable Particulate Matter *	251	217	83	84

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

To further reduce our Volatile Organic Compound (VOC) emissions, we have installed Vapour Recovery Units (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 bringing it back into circulation. In 2015, Engen was granted a postponement in terms of timeframes for compliance on the following Minimum Emissions standards.

Item	Section 21 Category	Description	Postponement
1	Sub-Category 2.2 Catalytic Cracking Unit	Compliance with Particulate Matter limit from the FCCU for existing plant	Postponement of compliance with the MES for Particulate Matter for existing plant granted with a limit of 140 mg/m ³ until 31 March 2019.
2	Subcategory 2.4: Storage and Handling of Petroleum Products	Installation of a Vapour Recovery Unit at gasoline rail loading facility	Postponement of compliance with the MES for existing plant until 31 March 2016
3	Subcategory 2.4: Storage and Handling of Petroleum Products	Installation of Internal Floating Roofs in 2 storage tanks	Postponement of compliance with the MES for existing plant until 31 March 2016



We are happy to report that through engineering interventions, we have achieved compliance with the requirements for vapour recovery units and storage tanks floating roofs.

Regarding Item 1 pertaining to particulate emission matter from the FCCU, all roadmap-related engineering activities in compliance with particulate matter limit from FCCU units have been completed. Other operational improvements have also been investigated and emission testing to date has indicated compliance with relevant emission standards. Engen will continue to drive the operational optimisation to maintain the compliance.

Waste Management

SAP Waste

Implementation of the SAP Waste management system component at all our Depots and Distribution Centres, will enable us to account for all generated waste. SAP Waste is used at Engen in handling waste disposal processes, complying with national and international regulations and laws that are relevant for generation,

transport and disposal. Costs are distributed proportionally among the departments within the division that generated the waste. SAP Waste at the Depots and Distribution Centres ensures that the generation, storage, handling, transportation and disposal of waste is managed in a manner that will not have a negative impact on the environment, meets legal requirements as per the National Environmental Management: Waste Act (NEM: WA) and applicable license conditions as well as supports Engen's HSEQ Policy.

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. Our continued efforts to reduce waste saw a reduction in the total amount of hazardous and non-hazardous waste disposed of, despite a reduction 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)		2012	2013	2014	2015	2016
Hazardous Waste	Generated	14 256	20 349	9 462	5 278	5 081
	Recycled	10 737	10 242*	3 677	1 685	1 155
	Disposed	3 519	10 107	5 696	3 593	3 925
Non-hazardous Waste	Disposed	2 734	10 221	1 778	3 124	1 385
Total Disposed to Landfill		6 253	20 328	7 474	6 717	5 310

The reduction of legacy waste related to soil contamination has resulted in a reduction in both our hazardous and non-hazardous waste generated for the year. Our efforts to reduce the disposal of hazardous waste has seen it drop from above 10 000 tonnes at its peak in 2013 to 3 925 tonnes in 2016. This is 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.

Our reduction of LOPCs has been a resounding success over the years. We have almost eliminated all LOPCs occurring during normal operations such as loading and off-loading activities. During the reporting year we had a total of 6 major LOPCs and most of them were due to underground pipe leakages and road transport incidents. This is why the number of spills (that is, LOPCs incidents

in which a portion of the leaked volumes escapes secondary containment into the environment) remained the same as last year.

We have also conducted a review of our inventory management system. This system acts as an early warning system to minimise the degree of impact in the event of a leak for our retail infrastructure. We are in the process of implementing the recommendations of this assessment to further protect the environment from unplanned product release. The higher volume of major spills was largely due to road transport related incidents. We have conducted a detailed review of our transport contractor management as well all transport systems in general. This has been done with the assistance of PETRONAS and this area remains a focus for us towards incident reduction.

The LOPC reduction programme has been rejuvenated and will continue to form a pillar in our LOPC management efforts.

Number and Volume of LOPC and Spills

	2013	2014	2015	2016
Number of Major LOPC	11	7	7	6
Volume Major LOPCs (kL)	157	257	56.6	43
Number of Major Environmental Spills	5	4	4	4
Volume of Major Spills (kL)	13.5	17	27.4	41

Transformation

The South African political environment has placed radical economic transformation at the centre. This has been defined as an effort to bring a sense of urgency to the chapter of economic transformation and social justice in South Africa. It has emerged due to the amount of time that has passed since the dawn of democracy against progress that has been made to bring about social equity.

This means that all key stakeholders in the marketplace need to make a step change towards the production of tangible results that show a clear path towards transformation. At Engen we firmly recognise transformation as both an ethical imperative and a strategic business imperative. Our sincere participation in this process is therefore an essential part of our future success. Accordingly, we have developed strategies and plans which are

being executed to progress this important issue. Fair access to opportunity remains the driving force behind our transformation efforts. We are also keenly aware that this is a journey that will require both time and patience.

Driven by our Black Economic Empowerment Policy Framework, and our cultural beliefs, we are committed to promote and develop an enabling environment in which we will deliver on our transformation strategy. This policy extends to Engen's employees, dealers, suppliers, business partners and the wider community.

The recent amendments to the B-BBEE Codes of Good Practice as published in the Government Gazette on 11 October 2013 which came into effect in May 2015, had an adverse effect on Engen's B-BBEE Compliance status and Engen's latest B-BBEE level plummeted to a Level 8, as indicated below.

Our B-BBEE Performance

B-BBEE ELEMENT	Weighting	2016 Score
Ownership	25.00	13.58
Management Control	19.00	13.27
Skills Development	20.00	19.16
Enterprise & Supplier Development	25.00	6.43
	10.00	0.00
	5.00	2.57
Socio-economic Development	5.00	5.00
Total	109	60.01
Compliance Level		7
Discounted Level		8
Recognition Level		50%

The position outlined above called for an immediate change to our Transformation Strategy and approach. To this end, both our Management Committee and our Shareholders placed enormous effort on improving our B-BBEE compliance in line with the spirit and the letter of the law. The following were key transformation improvement areas for the 2016 Financial Year:

People Transformation

In line with our Talent Management Strategy, Employment Equity and Skills Development Provisions, we are focused on our Employment Equity Profile and Capability Development in order to ensure improvement to both the Management Control and Skills Development elements of our B-BBEE Scorecard, and to promote diversity and inclusivity.

Enterprise and Supplier Development (ESD)

In line with our Supply Chain Transformation plan, we invested in three Fund Management Companies, in order to implement effective and sustainable Supplier Development and Enterprise Development.

Key to the implementation of our ESD initiatives is the integration and support of small and medium businesses that are already doing business with us. This is to ensure that there is increased capacity for the delivery of high quality service to Engen. The B-BBEE codes require the absorption of ESD beneficiaries into the company value chain with quantifiable proof that these beneficiaries are being effectively utilised to deliver services.

We also implemented more stringent rules in the procurement area. These included engagement with suppliers to understand their transformation plans. Such plans were integrated and made part of contractual obligations where tenders were awarded. Furthermore, our tender board took into consideration the B-BBEE performance

of vendors and their levels of Black ownership and Black female ownership when considering awarding tenders.

2017 B-BBEE Performance (FYE 2016)

Our efforts to improve our B-BBEE status have been positive. Following the conclusion of a share ownership deal with a Phembani-led consortium in early 2017, we have improved our score to a Level 2 contributor, as shown in the table below.

Socio-economic Development / CSI

Whilst this area requires minimum attention due to the ease of its implementation, we have also placed some strategic focus on how to create a strategic link to all our social investment efforts. We will also continue to explore CSI sustainability opportunities. These opportunities should create a strategic pipeline progression route for Engen Enterprise Development opportunities, Supplier Development and ultimately encourage Preferential Procurement.

B-BBEE ELEMENT	Weighting	2016 Score	2017 Score
Ownership	25.00	13.58	21.74
Management Control	19.00	13.27	13.87
Skills Development	20.00	19.16	17.57
Enterprise & Supplier Development	25.00	6.43	21.36
	10.00	0.00	11.00
	5.00	2.57	6.00
Socio-economic Development	5.00	5.00	5.00
Total	109	60.01	96.54
Compliance Level		7	2
Discounted Level		8	0
Recognition Level		50%	125%



Engen Supports Emerging Enterprises

Engen Pitch and Polish 2016

This successful programme continues to unearth talented young entrepreneurs and 2015 was no exception. Engen Pitch and Polish 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. The finalists (pictured above with Alon Raiz of Raizcorp) for 2016 are:

Murendeni Mafumo

The winner of Engen Pitch & Polish in 2016 earned a prize of R60 000. His existing business, Kusini Water uses technology developed to treat water. Murendeni's love for science was sparked when he received a science set, as a present, when he was very young. Today, he ensures that people, specifically in rural areas, have clean drinking water. "I thought I knew about business, but Engen Pitch & Polish has given me even more skills to grow my business beyond my wildest dreams," comments Murendeni.

Rishav Juglall

The first runner up's business, Rocky Brands, specialises in an array of high-quality household cleaning products. Rishav aspires to export his products all over Africa. His prize money was R30 000.

Billy Siziba

The second runner up received a prize of R15 000. His business, Bullyz Fitness, manufactures and sells gym clothing. Bullyz Fitness aims to give people of all shapes and sizes, from all walks of life, access to professional gym clothes. "If you add the cost of gym clothes to the gym membership fees, gym becomes unaffordable for many people," says Billy.

Engen Prosperator

As part of our transformation agenda and in pursuit of contributing to Socio-economic Development, we 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 and currently provides support to 25 small businesses that are undergoing intensive Supplier Development under the guidance of Raizcorp and Engen employees. The current programme ends in April 2017. This was part of a pilot programme for Supplier Development initiatives as per the requirements of the Revised B-BBEE codes of good practice. The rationale is to encourage companies to move beyond simply developing suppliers, only to see them becoming redundant. It ensures the integration of developing suppliers into the supply chain and encourages companies to do business with these empowered companies. To date, all the beneficiary companies in the program have been absorbed. Of the 25 businesses, at least 11 have received business contracts with Engen as service providers with the bulk of the work coming from the Refinery, Island View and LOBP.

Integrated Energy Centre in Bushbuckridge

As part of its pursuit to provide accessible and affordable energy to the rural poor, the Department of Energy (DoE), mandated all South African Petroleum Companies to implement Integrated Energy Centres (leC) to the key presidential nodal areas. These are to provide less privileged communities with energy services, to raise awareness regarding energy use, and to help create economic activities for socio-economic development in those areas.

With the support of the DoE and Local Municipalities, we elected to establish the leC at the Acornhoek Village in Bushbuckridge, Mpumalanga. The general purpose of this leC is to provide energy solutions to local Communities, which will include, amongst other things, the following:

- Provision of access to affordable, safe and sustainable energy services;
- Creation of employment;
- Poverty alleviation;
- Creating awareness and providing information/ education on economic and efficient energy usage, health and safety and sustainable management resources; and
- Identification of public and private investment opportunities.

Contrary to the current co-operatives model for the implementation of leC's, Engen formed a Community Trust that will ensure that the leC is operated and managed like any Engen Service Station, in order for the leC to become a sustainable establishment that will sustainably achieve its desired objectives.

The funding for the leC's forms part of the legislated annual 3% Net Profit After Tax spend, which is dedicated to Enterprise and Supplier Development.

The Bushbuckridge Integrated Energy Centre is therefore a fully funded entity that will provide the following services when it is completed:

- A Forecourt with two pump tanks
- Retail Shop (as per Engen's specification).
- Community meeting facilities
- Toilet facilities
- Tele and internet services
- Bulk storage for LPG
- Facilities for ATM's
- Paved parking area

The Bushbuckridge leC construction commenced in October 2016, and it is scheduled to be completed by May 2017.

Our Value Creation

Overview

We experienced challenging operating conditions in the 2016 financial year. Despite these, we recorded a resilient financial performance.

With an anticipated increase in oil prices in 2017, 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. Our financial performance overview encompasses a comparative year-on-year analysis of the 2016 reporting period.

Key Financial Indicators

The key indicators of our financial performance were as follows:

FINANCIAL (R million unless shown)	2016	2015	% Change	5-Year Average	% Change
Extract from the Statement of Profit or Loss					
Turnover	75 833	83 494	-9%	96 286	-21%
Operating Profit	4 761	3 462	38%	2 498	91%
Net Profit for the Year	3 389	2 126	59%	1 478	129%
Extract from the Statement of Financial Position					
Total Assets	39 134	37 002	6%	34 363	14%
Equity attributable to equity holders of the parent	21 743	19 536	11%	16 574	31%
Sales Volumes (in millions of litres)					
Local	6 997	7 055	-1%	7 199	-3%
International	2 274	2 341	-3%	2 239	2%
	9 271	9 396		9 438	-1.8%
Financial Ratios					
	2016	2015			
Return on Total Assets (%)	8.5	5.6			
Current ratio	1.7x	1.6x			
Return on Capital Employed (%)	14.9%	10.9%			
Debt Equity Ratio (%)	0.46%	0.69%			
Other Key Indicators					
	2016	2015			
Closing Crude Cost (\$/Bbl)	53.99	36.89			
Average R/\$ Exchange Rate	14.74	12.77			

Our gross profit increased by R839 million from 2015 to 2016 due to higher marketing margins in South Africa and sub-Saharan Africa and marginal improvement in inventory revaluation profits, which affects Cost of Sales. Inventory revaluation profits were incurred in the year due to the steady upswing in the crude price over the 2016 financial year.

Our expenses increased by 3% in the 2016 financial year. This arose mainly as a result of higher staff costs as well as higher fees paid for administrative and managerial services mainly in respect of consulting fees. In addition, we incurred higher depreciation charges in 2016 due to the capital expansion programme in our 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.

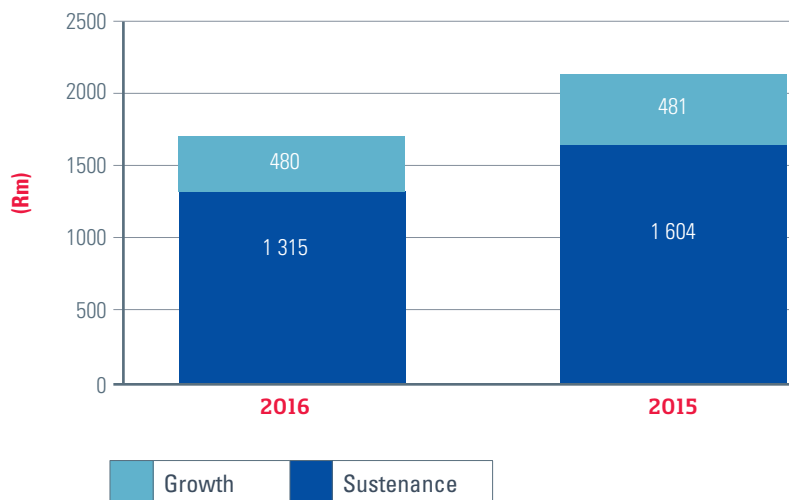
Our operating costs decreased significantly during 2016. This was mainly due to lower realised and unrealised foreign exchange losses. Additionally, 2015 included a loss of R458 million, due to a release of the foreign currency translation reserve (FCTR) on deregistration of Engen Offshore Holdings (Mauritius) 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. No similar FCTR release took place in the current year.

Our statement of financial position is currently largely ungeared and this presents an opportunity for the funding of significant projects over the longer term. Our 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.

Our total assets increased from the prior year by R2,132 million to R39,134 million at the end of 2016. This was driven mainly by an increase in our cash and cash equivalents balance from R4,222 million to R6,135 million due to a significant increase in deposits. Inventory increased mainly due to the higher Rand cost of crude compared to December 2015, as well as higher inventory volumes on hand at year-end.

Capital Investment



We continue 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, we continue to steadily overhaul the networks we have acquired from our competitors in recent years.

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

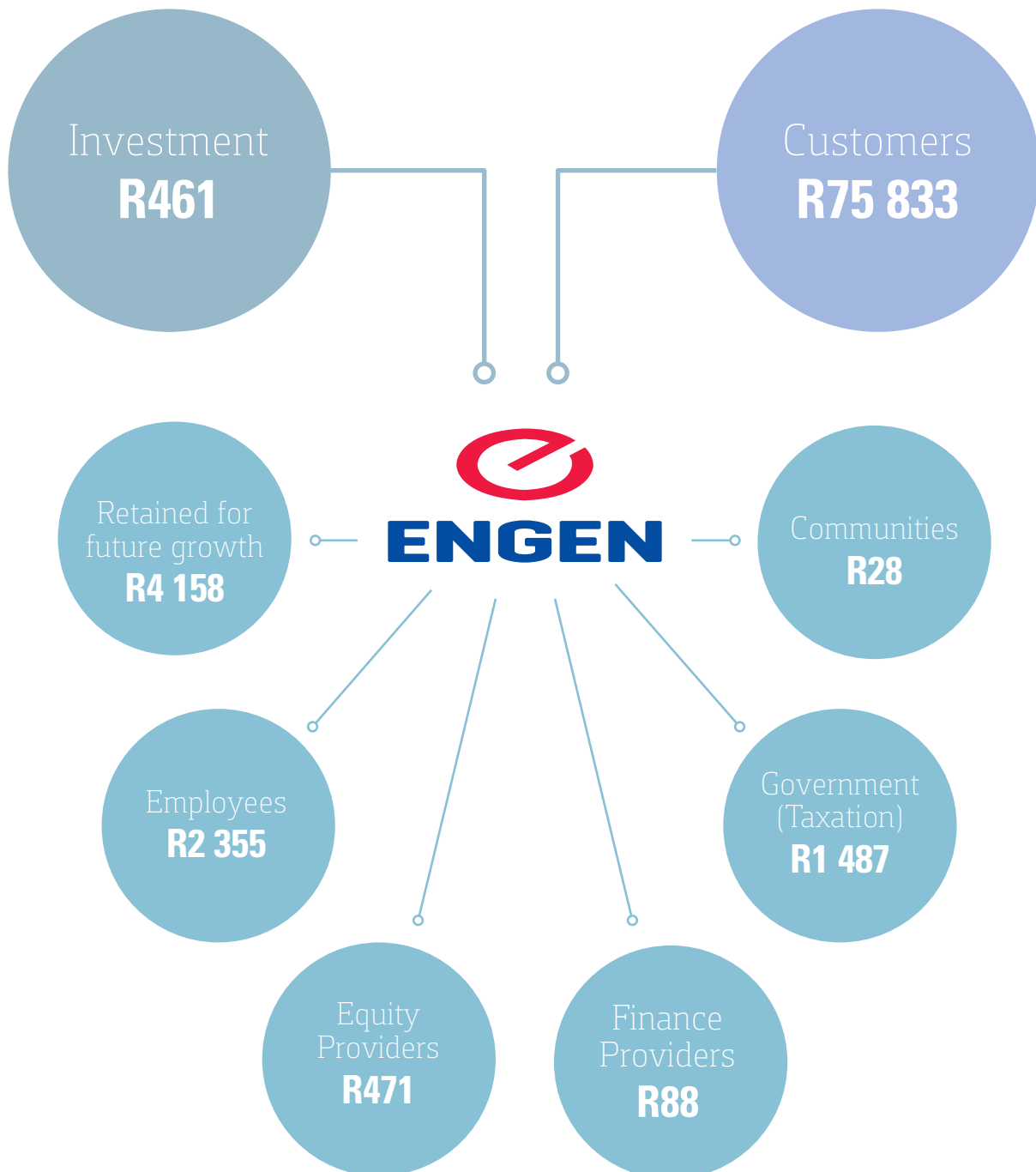


Value Added Statement

Our 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 2016	31 December 2015
Value Added	8 126	6 470
Income from Investments	461	215
Total Value Created	8 587	6 686
Value Distribution		
Employees	2 355	2 203
Equity Capital Providers	471	684
Loan Capital Providers	88	88
Government	1 487	1 324
- Normal Company Tax	1 487	1 324
CSI	28	20
Retained for Future Growth	4 158	2 366
- Depreciation and Amortisation	944	836
- Retained Profit	3 066	1 486
- Deferred Tax	148	44
Total Value Distributed	8 587	6 686

Summarised Flow of Capital between Stakeholders (Rm)



Governance and Ethics

At Engen we strive to 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 and we pursue our business with honesty, integrity and fairness.

Our 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, our structure, our policies and procedures, our cultural beliefs and our views on critical global issues such as human rights and climate change, all play a role in defining our stakeholder's perceptions of us 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 Engen's stature. Through applying governance principles, the Board optimises business performance while maintaining compliance with all relevant regulations.

The Engen Limited 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 and stakeholders 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 2016, we amended the Memorandum of Incorporation which was adopted in 2017 to align with the new Engen structure which addresses the responsibilities of Directors.

Composition

At the end of the financial year, the Engen Limited Board comprised of 11 members, including: five non-executive directors, three independent non-executive directors, and three executive directors. The Engen Limited Board is supported by the Company Secretary who is responsible for the efficient administration of Engen, particularly with regard to confirming compliance with statutory and regulatory requirements and for ensuring that decisions of the Engen Limited Board are implemented.

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 and **we pursue our business with honesty, integrity and fairness.**

Our board members at year end comprised;

Non-Executive Directors

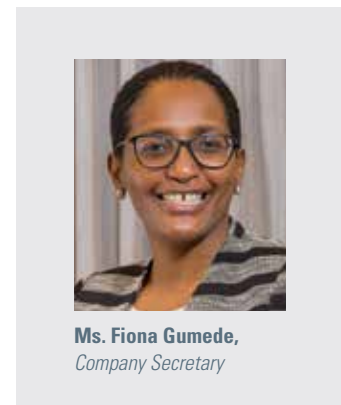


From left to right: Mr. Md Arif Mahmood, PETRONAS – Executive Vice President & CEO Downstream (chair); Mr. Giuseppe D' Arrigo, PETRONAS Lubricants International - Group MD and CEO; Mr. Mohamed Firouz Asnan, PETRONAS - Vice President of Oil Business (Downstream); Mr. Aman Jeawon, Phembani Group: Chief Operating Officer; and Ms. Zella Fuphe, Non - Executive Director

Independent Non-Executive Directors



From left to right: Mr. David de Beer, Ms. Dawn Mokhobo and Ms. Nosipho Molope

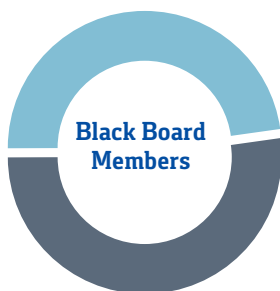


Ms. Fiona Gumede,
Company Secretary

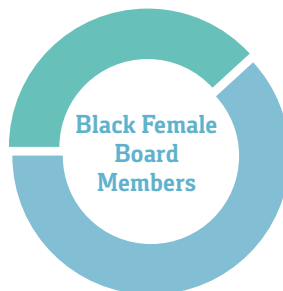
Executive Directors



From left to right: Datuk Mohd Farid Mohd Adnan, Managing Director & CEO; Mr. Andrew Bryce, GM: Financial Services and; Mr. Vukile Zondani, GM: Human Capital



45% black board members



28% black female board members

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.

Board Audit Risk and Compliance Committee (BARCC)	Remuneration and Nomination Committee	Social and Ethics Committee
<p>MEMBERS</p> <ul style="list-style-type: none"> Ms. Nosipho Molohe (C*) Mr. David de Beer Ms. Dawn Mokhobo 	<p>COMMITTEE MEMBERS</p> <ul style="list-style-type: none"> Ms. Dawn Mokhobo (C*) Ms. Nosipho Molohe Mr. Encik Mohamed Firouz Asnan 	<p>COMMITTEE MEMBERS</p> <ul style="list-style-type: none"> Ms. Zella Fuphe (C*), Mr. David de Beer Mr. Vukile Zondani (GM: HCD) Ms. Shirley Moroka-Mosia (GM: HSEQ) Ms. Tasneem Sulaiman-Bray (GM: Corporate Affairs)
<p>MEETINGS</p> <ul style="list-style-type: none"> Minimum of 4 meetings per year Additional meetings may be held <p>KEY FOCUS</p> <ul style="list-style-type: none"> Reviews and oversees: <ul style="list-style-type: none"> - <i>Engen group's finances</i> - <i>Integrated reporting</i> - <i>System of financial controls</i> - <i>The governance of risk</i> - <i>Compliance with legal and regulatory requirements</i> - <i>Internal audit function</i> - <i>Effectiveness of the combined assurance plan and outcomes</i> - <i>Reviews all audit findings (internal and external)</i> <p>COMPOSITION</p> <ul style="list-style-type: none"> All independent non-executive directors Standing invitees with no vote: <ul style="list-style-type: none"> - <i>CEO</i> - <i>General Manager: Financial Services</i> - <i>General Manager: Enterprise Risk and Assurance</i> - <i>Senior Manager: Enterprise Risk and Assurance</i> External auditor, by invitation 	<p>MEETINGS</p> <ul style="list-style-type: none"> Minimum of 4 meetings per year Additional meetings may be held <p>KEY FOCUS</p> <ul style="list-style-type: none"> Assists the Board with oversight on remuneration matters with the following key roles: <ul style="list-style-type: none"> - <i>Ensures that Engen's directors and executives are remunerated fairly and responsibly and that their remuneration is aligned with shareholders' interests</i> - <i>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</i> - <i>Makes recommendations to the Board and shareholders for their consideration and final approval regarding remuneration strategy and policy</i> - <i>Benchmarks Engen's remuneration against competitor companies</i> - <i>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</i> - <i>Ensures that the appointment of Engen's directors is transparent and governed by the formal procedures set out in the committee's terms of reference and Board Charter</i> <p>COMPOSITION</p> <ul style="list-style-type: none"> Majority of members of the committee are independent non-executive directors. CEO and General Manager: Human Capital Division are standing invitees to any committee meetings, but have no vote. 	<p>MEETINGS</p> <ul style="list-style-type: none"> Minimum of 4 meetings per year Additional meetings may be held <p>KEY FOCUS</p> <ul style="list-style-type: none"> 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:- <ul style="list-style-type: none"> - <i>Embedding a culture of ethical behaviour in Engen</i> - <i>Activities with regard to any relevant legislation or codes of best practice</i> - <i>Good corporate citizenship</i> - <i>Performance in terms of the environment, health and public safety, including the impact of our activities on our products and services</i> - <i>Consumer relations</i> - <i>Promotion of equality, prevention of unfair discrimination, reduction of corruption, transformation policies and strategies and social responsibility policies and strategies</i> <p>COMPOSITION</p> <ul style="list-style-type: none"> The committee is chaired by a non-executive director The other members of the committee are: <ul style="list-style-type: none"> - <i>An independent non-executive director</i> - <i>General Manager: HSEQ</i> - <i>General Manager: Corporate Affairs</i> - <i>General Manager: Human Capital</i>

*Chairperson

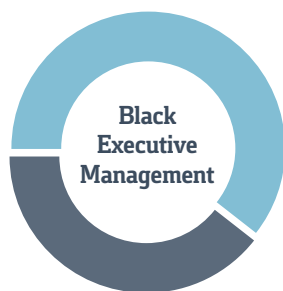
Engen Petroleum Limited Management Committee



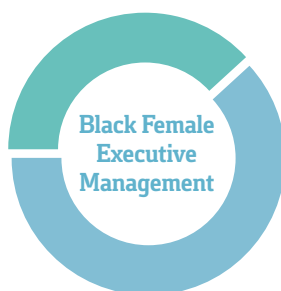
Top row, (left to right): Datuk Mohd Farid Mohd Adnan, *Managing Director & CEO*; **Mr. Andrew Bryce**, *GM: Financial Services*; **Mr. Joe Mahlo**, *PGM: Engen Sales and Marketing*; **Mr. Jehan Zaib**, *GM: Refinery and* **Mr. Drikus Kotze**, *GM: International Business Division*

Middle row, (left to right): **Mr. Ruslan Islahudin**, *GM: Corporate Planning*; **Ms. Ivershini Reddy**, *GM: Enterprise Risk and Assurance*; **Mr. Vukile Zondani**, *GM: Human Capital*; **Ms. Shirley Moroka-Mosia**, *GM: Health, Safety, Environment and Quality* and **Ms. Fiona Gumedede**, *GM: Corporate Legal and Company Secretariat*

Bottom row, (left to right): **Ms. Tasneem Sulaiman-Bray**, *GM: Corporate Affairs and*; **Mr. Adnan Adams**, *GM: Supply, Trading and Optimisation*



58% black executive management



33% black female executive management

Internal Audit

The internal audit function is a pillar through which Engen seeks to strengthen governance and make incremental improvements where necessary. 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 (organisational culture) and natural capital (environmental impacts and liabilities).

This is done through our Enterprise Risk and Assurance (ERA) division based on the Board Audit Risk and Compliance Committee (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 response of the business 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 business resilience during times of unavoidable significant events.

Through integration of information technology and modern tools, we are engaged in continuous efforts to improve our control systems.

Compliance

In conducting our business operations, we are committed to complying with legal requirements, including all applicable regulatory requirements in the jurisdictions in which we operate.

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 our 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 embarked on a rollout and awareness campaign by engaging all employees through various communications tools, including: posters, IT-based systems and focused 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 are conducting to assess our competition law compliance.

During the current reporting year we also 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.

The ABC 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 in South Africa. Employees across the organisation are being trained on the ABC plan. 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 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 Mandatary 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 2016.

The following Engen facilities retained their ISO 9001 certification:

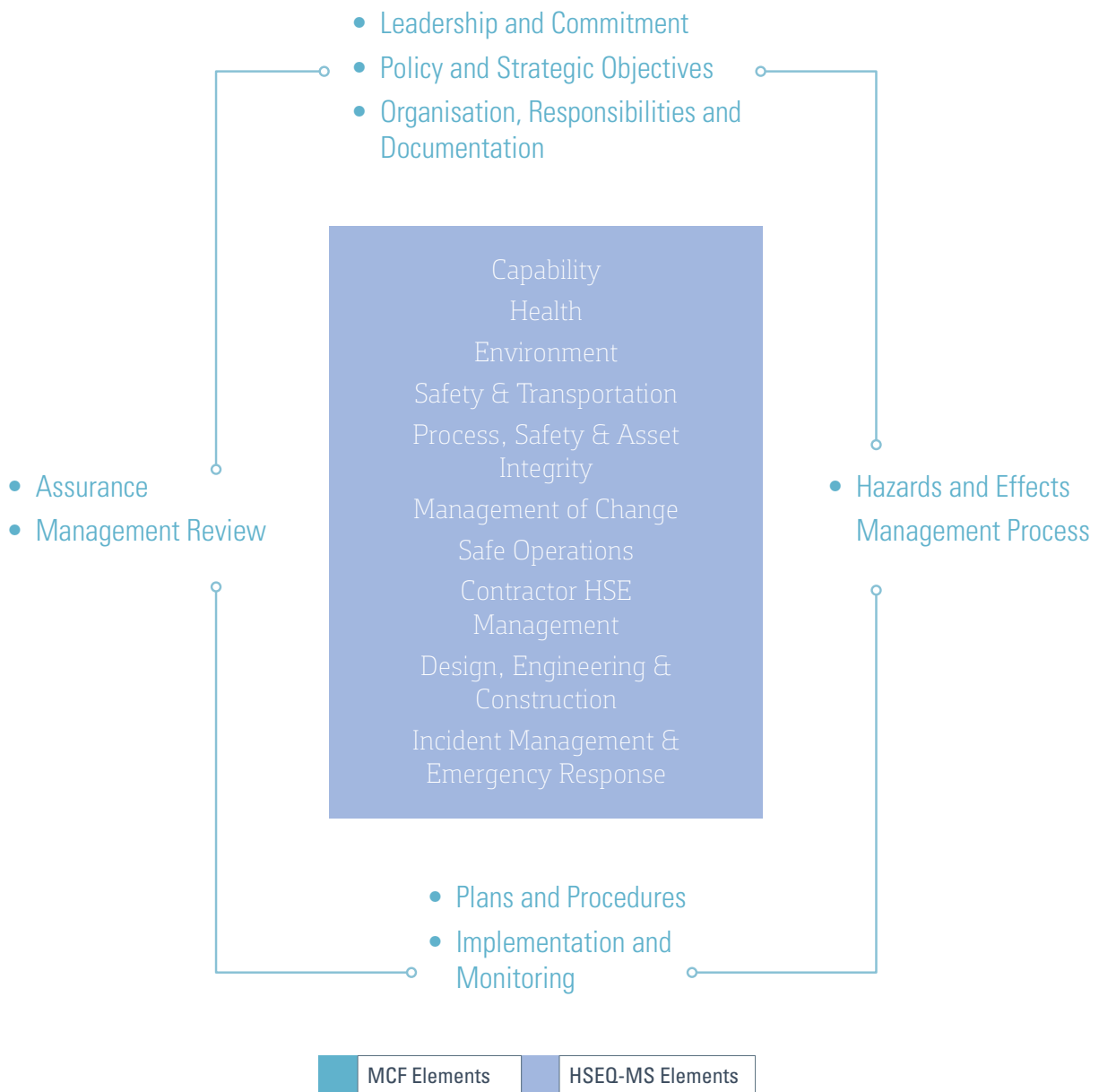
- Cape Town Distribution Centre (Solvents)
- Johannesburg Distribution Centre (Solvents)
- Lube Oil Blend Plant (LOBP)
- Refinery
- Zenex Blend Plant (ZBP)
- Durban Chemicals
- Richards Bay Bunkering Services
- Durban Terminal

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

Engen's 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, focuses 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



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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2016

Engen Limited
INTEGRATED
REPORT

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