

With us you are Number One



1plus

25

YEARS
TOGETHER

2018
INTEGRATED
REPORT

member of
PETRONAS Group





HAPPY BIRTHDAY ENGEN!



With us you are Number One



ENGEN

"9 CONSECUTIVE YEARS"



"FAVOURITE"
Petrol Station



"COOLEST"
Petroleum Brand



"BEST SERVICE"
Petrol Stations



2018
INTEGRATED
REPORT

Who WE ARE

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

With a history stretching back to 1881, and trading as Engen since 1993, 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.

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 focused on the broader energy sector, holds 21.2%, while a Phembani-led consortium holds the remaining 4.8%.

** In March 2019, Engen Holdings (Pty) Limited completed an agreement with VIVO Energy Holdings B.V. (VIVO Energy), which saw Engen's operations in Gabon, Kenya, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe, transferred to VIVO Energy. Also in March 2019, Engen completed a transaction that transferred 100% of the shares of Engen Ghana Limited to Moco Ghana Limited for an agreed consideration.*



Our VISION

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

Our VALUES

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



INTEGRITY



PERFORMANCE



TEAMWORK



OWNERSHIP



EMPOWERED



About this REPORT

Thank you in advance for reading Engen Limited's Integrated Report for the year ended 31 December 2018. As a company, we endorse the principles of transparency and accountability, and are committed to reporting on our performance and prospects in a manner that is meaningful to our stakeholders.

SCOPE AND FRAMEWORK

Our 2018 Integrated Report provides a concise overview of Engen's business model, risks and opportunities, as well as operational and governance performance for the 2018 financial year. In addition, we also offer relevant historical information in order to contextualise the key issues discussed.

Our report includes 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 the six sustainability capitals as guided by the framework.

The activities of Engen Limited, and of all our operating subsidiaries, are covered. This 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 the sourcing of crude and finished product; inbound logistics to local storage; 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 2018.

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

MATERIALITY: ASSESSING ENGEN'S VALUE CREATION

Our report is relevant for stakeholders with an interest in our 2018 performance and prospects against our stated core purpose of crude oil refining, and the marketing of our primary refined petroleum products and convenience services via our extensive retail network.

Regulatory requirements and guidelines, and our historical 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 affecting 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 the six capitals of value creation described in the International Integrated Reporting <IIR> 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 the following sustainability capitals: Manufactured, Human, Intellectual, 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 these capitals.

THE 6 CAPITALS



HUMAN



MANUFACTURED



NATURAL



SOCIAL



FINANCIAL



INTELLECTUAL

COMBINED ASSURANCE

We use a combined assurance model. This provides us with assurance obtained from management, as well as from internal and external assurance service providers.

Our Board Audit Risk and Compliance Committee provides internal assurance annually to the Engen Limited Board 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 2018 and 2017 of the Statement of Profit and Loss and Statement of Financial Position are set out on page 53. The B-BBEE scorecard information was verified independently by AQRate.

BOARD APPROVAL

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

For further information, please contact:

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Telephone: +27 21 403 4312

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OUR BUSINESS

09

In line with our trust and belief in the great potential of Africa, we focus our growth on Southern Africa and Mauritius, which are our markets of choice, and partner for growth in eight countries in sub-Saharan Africa and on the island of Reunion. We export our products to seven further countries across the continent.

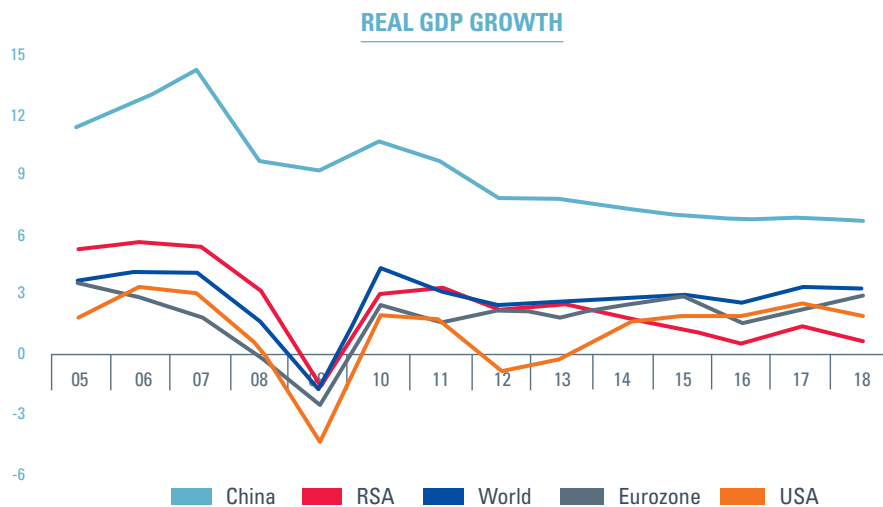
Engen Integrated Report 2018



Our OPERATING CONTEXT

In 2018, the global economy initially experienced strong, synchronized growth. As the year progressed, the momentum faded and growth trends diverged. One reason behind this loss in momentum was the implementation of tariffs by major economies — especially the United States — and retaliatory measures taken by others, including China. The economies of the Eurozone, the United Kingdom, Japan and China began to weaken while the US economy accelerated, mainly due to fiscal stimulus.

In 2018, US economic growth accelerated to 2.9%, compared to 2.2% in 2017. In the Eurozone, growth in 2018 was 1.9%, down from 2.5% in 2017. After an estimated 3.6% in 2018, global growth is anticipated to slow. In April 2019, the International Monetary Fund (IMF) projected global growth to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020.

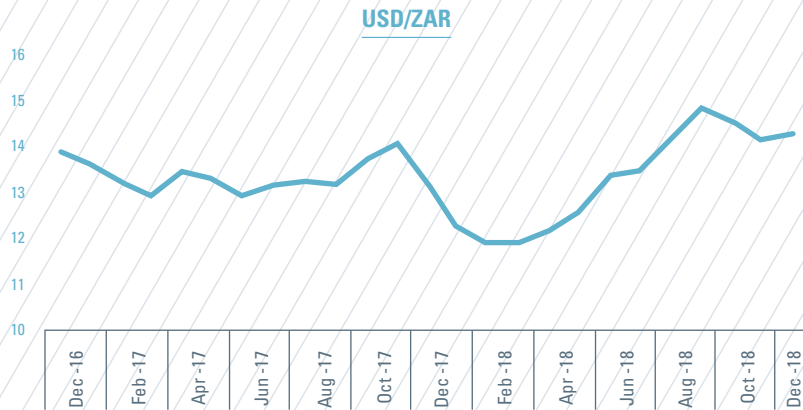


Source: IHS Markit

Emerging market economies such as Brazil and India experienced a mild pickup in growth in 2018. Others such as Argentina, Turkey and South Africa came under intense financial pressure and suffered recessions or near-recessions.

South Africa's economy grew by approximately 0.8% in 2018 down from 1.3% in 2017. Modest growth of between 1.4% and 1.7% is forecasted for South Africa in 2019 mainly due to subdued demand because of weaker levels of consumer and business confidence. Although there remains a lot of uncertainty about the extent to which government will be able to implement growth-enhancing policies after the May 2019 general election, growth is still expected to accelerate towards 2% during 2020.

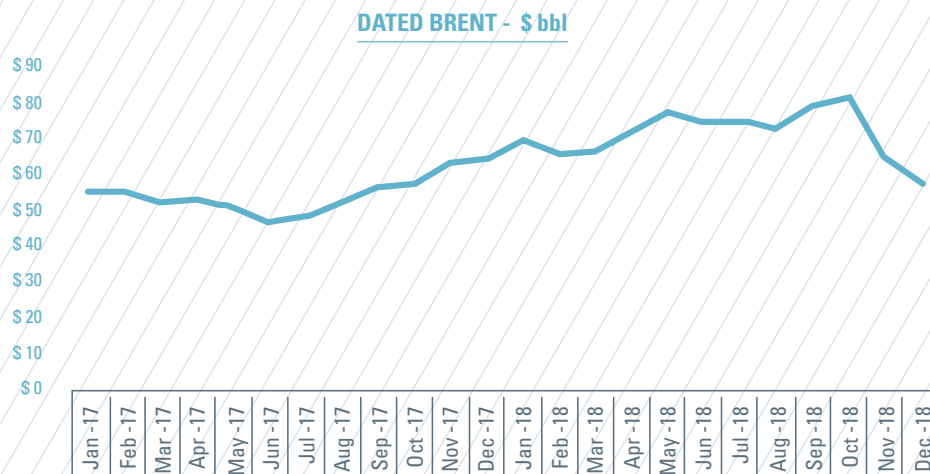
Markets reacted positively towards leadership change in South Africa in early 2018. However, the ZAR/USD remained volatile, impacted heavily by domestic political events and emerging market pressures. The ZAR/USD exchange rate averaged ZAR13.29 in 2018 compared to ZAR13.31 in 2017. The exchange rate is forecasted to average ZAR14.45/USD and ZAR14.85/USD during 2019 and 2020 respectively. (Bureau for Economic Research, Q2 2019)



Source: Standard Bank SA

OIL PRICE

Negative global economic sentiment led to a decline in oil prices towards the end of 2018. The average price for dated Brent crude in 2018 was USD71/bbl, up from USD54.71/bbl in 2017. Brent bottomed out at USD57/bbl in December 2018. According to S&P Global Platts, the outlook for Brent in 2019 is expected to average \$70/bbl in the third quarter of 2019 and rise to \$78/bbl in December 2019. Oil volatility is high due to the potential International Maritime Organisation (IMO) 2020 impact and a risk to oil supply in the Middle East. (Global Oil Forecast, June 24, 2019)



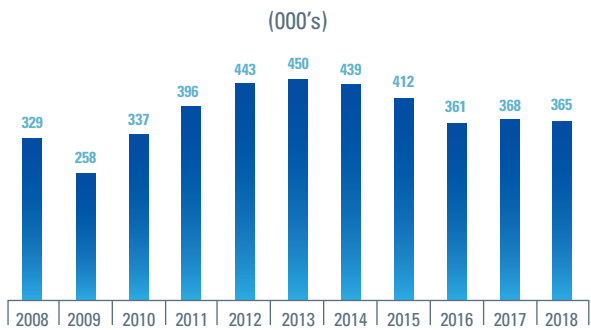
Source: Platts

NEW VEHICLE SALES DECLINED

New vehicle sales in South Africa declined by 1% in 2018 after a 1.9% gain in 2017. Car sales (the bulk of overall sales) fell by 0.8% year on year and light commercial vehicle sales declined by 2.4%. Gains in medium and heavy commercial vehicles of 0.3% and 6.5% respectively were insufficient to counter those losses.

According to the National Association of Automobile Manufacturers of South Africa (NAAMSA), prospects for domestic new vehicle sales in 2019 will continue to be effected by the subdued current macro-economic environment and general pressure on household disposable income.

NEW PASSENGER CAR SALES

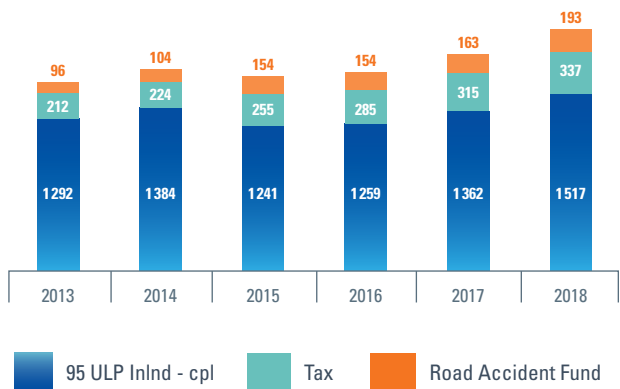


Source: NAAMSA

PETROL PRICE

The combination of a weaker Rand exchange rate, increases in levies and taxes, and higher international oil prices saw the price of petrol hit a record high in South Africa in October 2018. The average price of petrol in South Africa increased by 11% in 2018.

FUEL PRICE MOVEMENTS- CPL



Source: Department of Energy



Member of the PETRONAS GROUP

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 operating in approximately 70 countries across the globe, employing more than 50 000 people.

As well as drawing on the skills of their human capital, business capabilities and competencies, our relationship with PETRONAS enables us to leverage their research and advanced technology. This is evident in our Primax brand of gasoline, which uses the same technology used to develop the fuel to power the 5 x World Championship-winning Mercedes AMG PETRONAS Formula One 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 technology, infrastructure and talent.

PETRONAS also provides the technical expertise responsible for designing, developing and delivering the fuel, fluid and lubricant technology solutions that have powered the Mercedes AMG PETRONAS Formula One team to the 2014, 2015, 2016, 2017 and 2018 World Driver and Constructor Championships. This technical partnership ensures that the products we as Engen offer our customers, have withstood the ultimate Formula One testing ground.

Where We OPERATE

Engen has manufacturing, distribution, sales and marketing, and business offices in 17 countries across sub-Saharan Africa and the Indian Ocean Islands. Our growth strategy incorporates the following areas.

Country	Service Stations	Quick Shops
Botswana	59	38
Democratic Republic of Congo	77	18
Gabon*	24	8
Ghana**	24	5
Kenya*	16	12
Lesotho	10	-
Malawi*	17	1
Mauritius	34	8
Mozambique*	17	14
Namibia	59	30
Reunion*	38	10
Rwanda*	22	6
South Africa	1 039	637
Swaziland	5	-
Tanzania*	6	3
Zambia*	29	17
Zimbabwe*	52	9

* In March 2019, Engen Holdings (Pty) Limited completed an agreement with VIVO Energy Holdings B.V. (VIVO Energy), which saw Engen's operations in Gabon, Kenya, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe, transferred to VIVO Energy in exchange for 5% equity in VIVO Energy.

** In March 2019, Engen completed a transaction that transferred 100% of the shares of Engen Ghana Limited to Moco Ghana Limited for an agreed consideration.

What DIFFERENTIATES US

1

BRAND STRENGTH

Recipient of numerous brand awards, leading Net Promoter Score, and a member of PETRONAS, a Fortune 500 company



2



FULLY INTEGRATED VALUE CHAIN

Including refinery, lubricants oil blending plant and terminals as well as distributors and dealer networks

3



EXTENSIVE DISTRIBUTION AND RETAIL NETWORK

This is spread across strategic locations and also serves commercial and industrial customers

4



ADDED VALUE TO SHAREHOLDERS & BUSINESS PARTNERS

Value is derived through cost-competitive and efficient operations

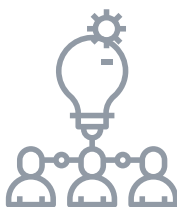
5



HIGHLY COMPETENT WORKFORCE

Our employees have diversified skills, relevant experience and extensive industry knowledge

6



STRATEGIC PARTNERSHIPS AND ALLIANCES

Inclusive of leading domestic and international business partners, including PETRONAS, which ensures we market leading products and services

7



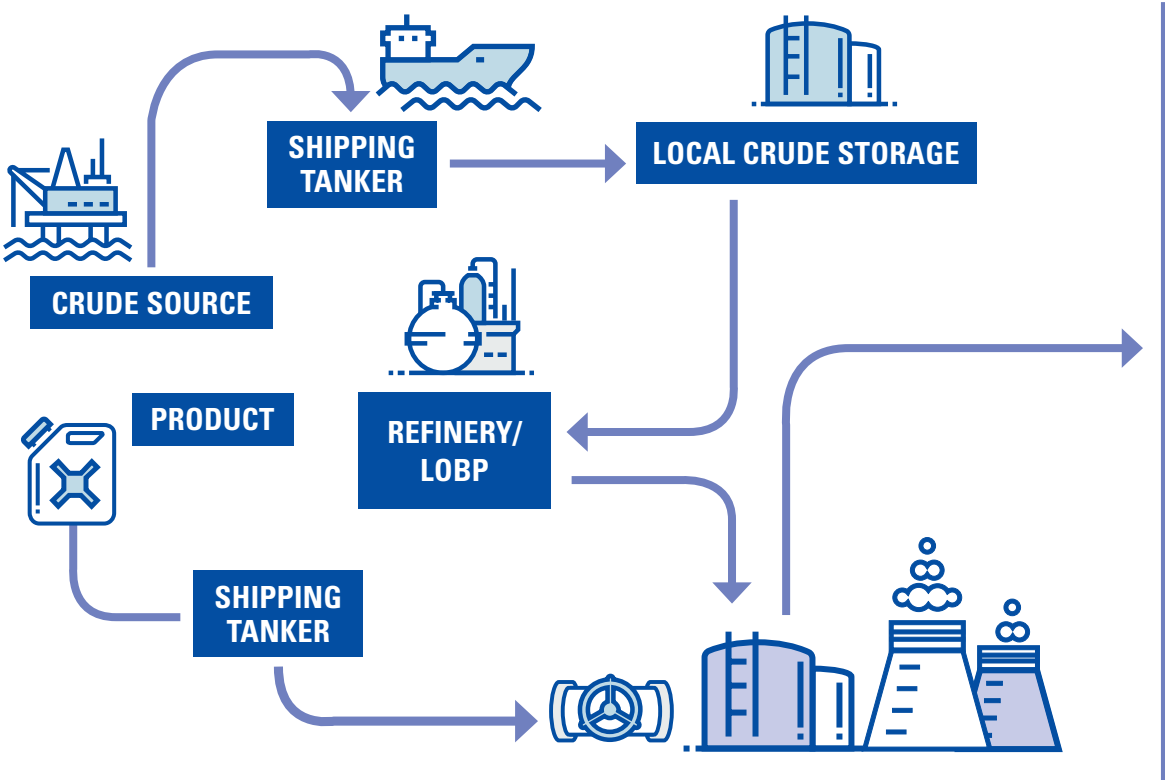
WORLD-CLASS CUSTOMER SERVICE

This is inspired by looking through the customers' lens and making the customer central to everything we do because "With us you are Number One"

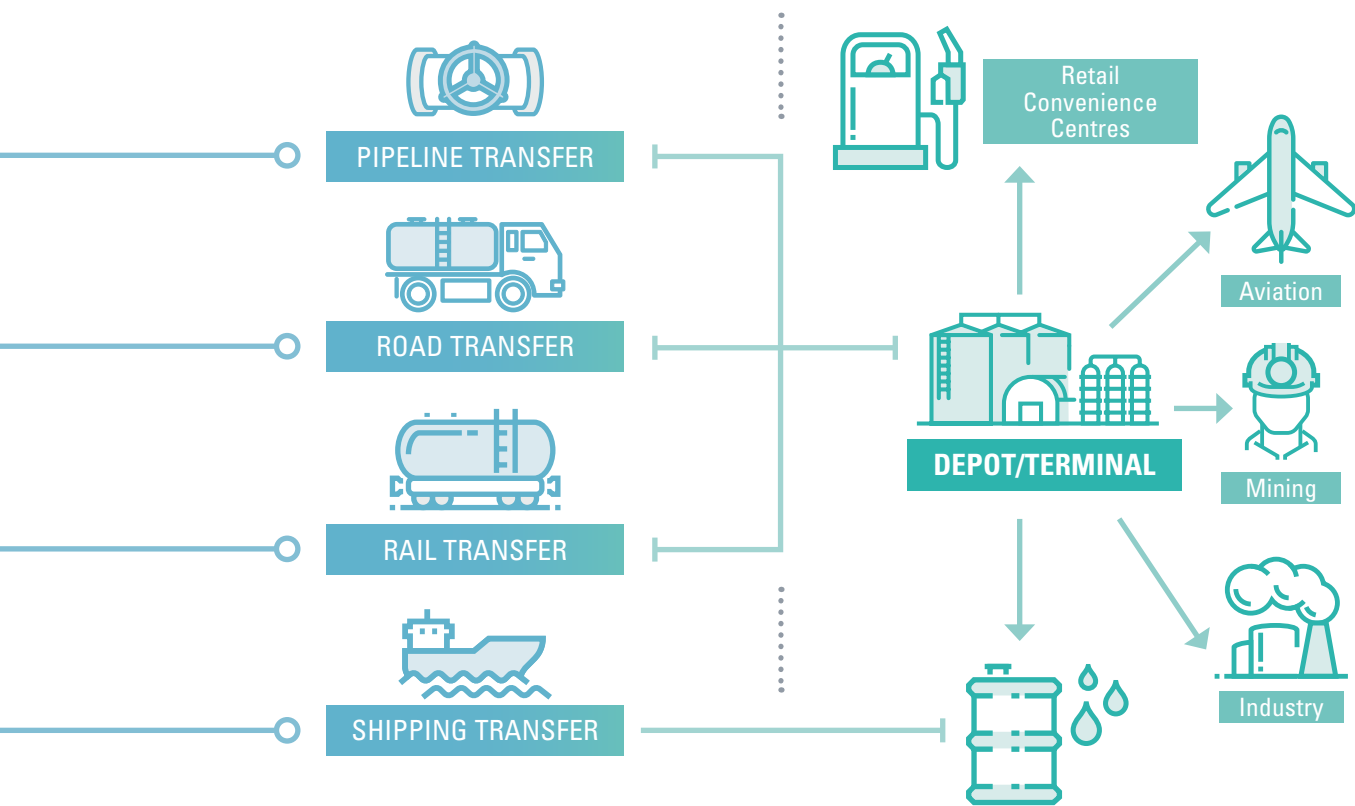
Our Integrated VALUE CHAIN

At the heart of our value proposition lies our integrated value chain. We seek to continually improve our inbound logistics, processing, outbound logistics, and sales and marketing, to ensure we operate safely, reliably, efficiently and responsibly.

MANUFACTURING		
SOURCING	INBOUND LOGISTICS	PROCESSING
Crude and finished product sourced	Crude and finished product shipped to local storage	Fuels, petrochemicals and lubricants produced at our Durban-based Refinery and Lubricants Oil Blend Plant.



TRANSPORT MODES	CUSTOMERS
<p>OUTBOUND LOGISTICS</p>	<p>SALES & MARKETING</p>
<p>Storage facilities, rail, pipeline, ships and road transport used to take product to customers</p>	<p>Product, tailored product and convenience services marketed to customers</p>





What WE OFFER

We produce and source fuel, which we market to consumers and industrial customers in 17 countries* through our fuel retail and commercial divisions. We also manufacture and market lubricants and petrochemical commodities, such as hydrocarbon solvents, construction chemicals, fluids, chemical intermediates, dyes and white oils. We supply our wide array of products to industries spanning agriculture, aviation, construction, fleet, mining and marine, among others.

We offer convenience services at many of our approximately 1 500-plus service stations. This is achieved via our 800-plus Quickshops and various other partner brands, including Corner Bakery, Woolworths, Wimpy, Debonairs, Steers, Biltong Bar, Pure Water on Tap, and Equatorial Coffee, among others.

* In March 2019, Engen Holdings (Pty) Limited completed an agreement with VIVO Energy Holdings B.V. (VIVO Energy), which saw Engen's operations in Gabon, Kenya, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe, transferred to VIVO Energy in exchange for 5% equity in VIVO Energy. Also in March 2019, Engen completed a transaction that transferred 100% of the shares of Engen Ghana Limited to MocoH Ghana Limited for an agreed consideration.

RETAIL	
FUEL	CONVENIENCE
<ul style="list-style-type: none"> • Engen Primax Unleaded • Engen Dynamic Diesel 50ppm 	<ul style="list-style-type: none"> • 1Stop • 1Plus • TruckStop • Quickshop • Fast Food • ATM Banking • Car Wash • Rewards (e-Bucks)
 <p>We continuously deliver quality fuel products and a diverse range of convenience services at our 1 039 service stations in South Africa.</p>	
COMMERCIAL	
PRODUCTS	
<ul style="list-style-type: none"> • Gasoline • Bitumen • Jet A-1 • Chemicals 	<ul style="list-style-type: none"> • Diesel • Fuel Oil • Kerosene
 <p>We market a wide range of quality petroleum products to various customers, spanning the agriculture, aviation, construction, fleet, chemicals, mining and marine industries.</p>	

We supply our products to the **agriculture, automotive, aviation, construction, fleet, mining and marine industries, amongst others**

LUBRICANTS			
KEY BRANDS	PRODUCTS		
<ul style="list-style-type: none"> • Engen Xtreme • PETRONAS Syntium • Engen Dieselube • PETRONAS Urania • Engen Gengear • AdBlue (Air1) 	<table border="1"> <tr> <td>Automotive Fluids and Lubricants</td> <td>Industrial and Marine Lubricants</td> </tr> </table>	Automotive Fluids and Lubricants	Industrial and Marine Lubricants
Automotive Fluids and Lubricants	Industrial and Marine Lubricants		



Our range of premium Lubricants are backed by world-class R&D ensuring that engines work longer and efficiently.



IBD is responsible for all Engen's downstream marketing operations in sub-Saharan Africa and the Indian Ocean Islands other than South Africa, Lesotho and Swaziland.

INTERNATIONAL BUSINESS DIVISION

FUEL

- Engen Primax Unleaded
- Engen Dynamic Diesel 50ppm
- Bitumen
- Jet fuel
- Lubricants

CONVENIENCE

- Quickshop
- Fast Food
- ATM Banking

CARDS

1Card

How We CREATE VALUE

We generate profit by efficiently sourcing and processing crude oil to provide our retail, automotive and industrial customers with petroleum products, lubricants and convenience services. Our competitive differentiation rests in our brand strength, fully integrated value chain, extensive distribution and retail network, added value to shareholders and business partners, highly competent workforce, strategic partnerships, and world class customer service.

OUR COMPETITIVE ADVANTAGES		OUR KEY RESOURCES
BUSINESS MODEL	STRONG FINANCIAL POSITION <i>(refer to page 51)</i> <ul style="list-style-type: none"> • Solid balance sheet position • Healthy cash flow from operations 	<ul style="list-style-type: none"> • Access to capital
	EXTENSIVE BUSINESS REACH <i>(refer to pages 14-23)</i> <ul style="list-style-type: none"> • Possess approximately 1500 Engen stations • Possess approximately 800 Quickshops • Wide distribution network to serve various retail, commercial and industrial customers • Comprehensive marketing channels in all segments 	<ul style="list-style-type: none"> • Superior products as well as differentiated offerings and services
	INTEGRATED VALUE CHAIN <i>(refer to page 16)</i> <ul style="list-style-type: none"> • Fully integrated operations and distribution networks to provide reliable and uninterrupted supply 	<ul style="list-style-type: none"> • Superior performing assets
	PERFORMANCE-DRIVEN WORKFORCE <i>(refer to pages 66-70)</i> <ul style="list-style-type: none"> • Highly competent employees • High performance culture inculcated across the organisation 	<ul style="list-style-type: none"> • Experienced leadership and high performing employees and culture
	STRONG STAKEHOLDER RELATIONSHIPS <i>(refer to pages 24-26)</i> <ul style="list-style-type: none"> • Established and maintain mutual trust with new and existing stakeholders • Value adding strategic alliances and business partners 	<ul style="list-style-type: none"> • Maintained strong relationship with all stakeholders
	LEVERAGING ON PRODUCTS INNOVATION AND SERVICES <i>(refer to page 13)</i> <ul style="list-style-type: none"> • Established brand name • Access to R&D to ensure continuous innovation of high quality products • Capitalise on technology to provide digital solutions 	<ul style="list-style-type: none"> • Established brand and industry specific knowledge

HOW WE CREATE VALUE	IMPACT TO STRATEGY
<p>INVESTORS</p> <ul style="list-style-type: none"> • Sustainable dividend • Capital growth on investment 	<ul style="list-style-type: none"> • Growth and returns • Operational excellence
<p>CUSTOMERS AND DEALERS</p> <ul style="list-style-type: none"> • Superior products and differentiated offerings • Responsive organisation to meet customers' needs and expectations • Security of supply 	<ul style="list-style-type: none"> • Volume growth • Training • Customer promoter score • Commercial excellence
<p>SUPPLIERS AND BUSINESS PARTNERS</p> <ul style="list-style-type: none"> • Reliable supplies • Business opportunities • Timely payment • Training programmes • Fair treatment 	<ul style="list-style-type: none"> • Zero HSE • Volume growth • Operational excellence
<p>EMPLOYEES</p> <ul style="list-style-type: none"> • Job security • Competitive remuneration • Personal development and career progression • Health and safety assurance 	<ul style="list-style-type: none"> • Zero HSE • Capability development • Zero non-compliance
<p>GOVERNMENT</p> <ul style="list-style-type: none"> • Diligent taxpayer • Conformance to legislation and licensing requirement • Managing environment impact and waste reduction • Job creation • Health and safety assurance 	<ul style="list-style-type: none"> • Zero HSE • Zero non-compliance • Transformation
<p>COMMUNITIES</p> <ul style="list-style-type: none"> • Health and Safety assurance • CSI • Managing environmental impact • Philanthropic assistance • Sponsorship 	<ul style="list-style-type: none"> • Zero HSE • Zero non-compliance • Enriching lives • Poverty alleviation

How We SUSTAIN VALUE

Our view of sustainable development is informed by the importance of creating and protecting value across the following six sustainability capitals: Manufactured, Human, Intellectual, 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, while addressing the environmental impacts across the six 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 in a 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 into the future.

The sustainability challenges faced by the world cover all sustainability capitals, with Engen playing a significant role in the following six of the 17 Sustainable Development goals:

SIX SUSTAINABLE DEVELOPMENT GOALS

3

Good Health and Well-Being

4

Quality Education

6

Clean Water and Sanitation

7

Affordable Clean Energy

8

Decent Work and Economic Growth

10

Reduced Inequalities

The sustainability challenges faced by the world **cover all sustainability capitals, with Engen playing a significant role in some**

THE **6** CAPITALS

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 six areas highlighted 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. This eventually contributes to poverty alleviation and leads 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 who can make all these aspirations possible.

Ultimately, the sustainability of our financial capital depends on how we perform on all the other sustainability capitals.



HUMAN



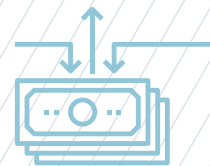
MANUFACTURED



NATURAL



SOCIAL



FINANCIAL



INTELLECTUAL

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. It is further 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.



	EMPLOYEES	SHAREHOLDERS
HOW WE ENGAGE	<ul style="list-style-type: none"> • Town halls/Engagement Sessions • Surveys • Internal Media (video, newsletters, intranet and e-mail) 	<ul style="list-style-type: none"> • Board & Sub Committee Meetings • Quarterly reviews • Direct Reporting by CEO • Executive Committee Meetings
MATERIAL ISSUES	<ul style="list-style-type: none"> • Employee Value Creation • Health and Safety • Transformation • Capability Development • Welfare and Benefits • Grievance Mechanism • Work/Life Balance 	<ul style="list-style-type: none"> • Regional Business Climate • Sustainable Financial Performance • Transformation • Good Governance/Ethics
HOW WE SHARE THE VALUE WE CREATED	<p>Salaries paid to Employees R2 095m*</p>	<p>Paid To Equity Capital Providers R2 264m</p>

* From continuing operations.

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 socio-economic development across all our markets. As a company, we strive to have mutually beneficial relationships with all our stakeholders to help ensure our sustainability, along with a prosperous future for broader society.

We strive to have mutually beneficial relationships with all our stakeholders to help ensure our sustainability



GOVERNMENT/REGULATORS	BUSINESS PARTNERS	COMMUNITIES/MEDIA
<ul style="list-style-type: none"> • Formal and informal meetings • Consultation on regulatory matters • Dialogue and sharing sessions • Operational site visits 	<ul style="list-style-type: none"> • Customer Service Centre • Conferences/Trade Shows • Website/Extranet • Supplier Audits • Service Level Agreements • Enterprise Development 	<ul style="list-style-type: none"> • Community engagement and outreach programmes • Website – Engenoi.com • 24-hour Community Line (Durban) • Representative Community Forum (Durban)
<ul style="list-style-type: none"> • Regulatory Compliance • Policy Formation • Transformation • Good Governance/Ethics • Environmental Responsibility • Health and safety • CSI 	<ul style="list-style-type: none"> • Transformation • Continuous beneficial cooperation • Certainty of payment • Competitive pricing • Availability of products • Encourage and support growth • Governance and business ethics • Health and safety • Environment and climate change 	<ul style="list-style-type: none"> • Compliance with legislation • CSI • Transformation • Health and Safety • Environment and Climate Change • Human Rights • Employment opportunities
<p>Tax Expense R386m*</p>		<p>Transformation & CSI R219m</p>

STAKEHOLDER ENGAGEMENT

Our stakeholder engagement framework guides our relationship with both internal and external stakeholders. Ongoing engagements with the government, organised business, local communities, industry bodies and labour unions is in recognition of exactly the fact that we operate within our surrounding environment, and not in isolation.

PROCESS TO DETERMINE MATERIALITY

Through our Stakeholder Engagement office, we manage engagement that takes place in various areas of the organisation. A stakeholder issue is identified as material if it has considerable influence on the ability of our business to deliver value. Such issues have a strong influence on business-related decisions taken by the leadership and stakeholders.

In order to identify these material issues, we follow a process covering all key stakeholder categories, as well as 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.

GOVERNMENT RELATIONS

We strive to strengthen industry and government relationships, and to engage on issues of mutual interest. Such engagements generally take place at Engen's senior leadership level, represented by our CEO.

When we lobby for industry positions on issues pertinent to the sustainability of the company, this takes place via industry bodies of which Engen is a member.

To this end, we are part of the South African Petroleum Industry Association (SAPIA), the role of which is to articulate and lobby the government to support the industry's positions.

We also continue to engage the Transnet National Ports Authority (TNPA) on issues pertinent to licensing conditions. The strategies and policies implemented by the TNPA may have an impact on our licensing conditions, and these are constantly monitored.

PROVINCIAL AND MUNICIPAL ENGAGEMENTS

Bushbuckridge Integrated Energy Centre

The construction of the Integrated Energy Centre (IeC) has been completed. It started operating in late 2018.

The IeC's main purpose is to provide much-needed energy services to remote areas such as Bushbuckridge. It will also help facilitate targeted community development programmes, and provide jobs and business opportunities. The aim is to see the site grow into an active economic hub that will attract more economic activities through complementary partnerships, and generate income for the Bushbuckridge community.

The Bushbuckridge (BBR) IeC is the 12th such centre in South Africa to be donated by the South African Oil Majors, as mandated by the Department of Energy.

REFINERY COMMUNITY

We continue to engage communities in and around our refinery in Durban. Through the Enref Community Stakeholder Forum (ECSF), issues and projects related to the fence-line communities are discussed and resolved, with the primary focus on the Durban South Basin community. Engen also responds to disasters that affect this community, when applicable.



Risks and MATERIALITY

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

OUR APPROACH

We have adopted an effective and updated Enterprise Risk Management (ERM) philosophy known as PRM (PETRONAS Resilience Model).

PRM includes the following new modules:

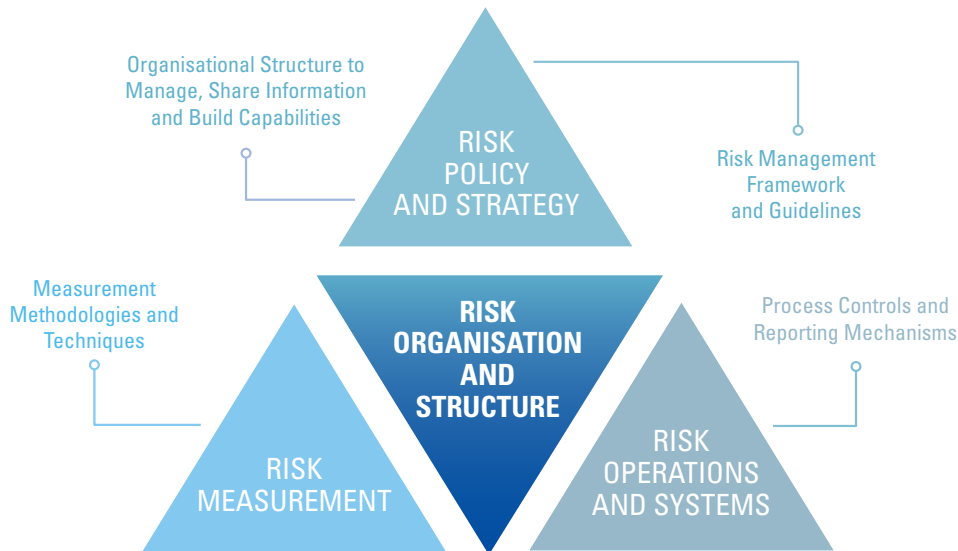
- Risk Assessment in Decision Making (RADM)
- Risk in Strategic Planning (RiSP)
- Country Report (CR) & Country Risk Report (CRR)
- Partner & Partnership Risk Management (PPRM)
- Expanded Crisis Management
- Risk Appetite
- Risk Quantification
- Risk Library and Exclusion List

Our Enterprise Risk Management department uses the Barnowl System to identify, assess, treat, monitor, report on, and mitigate the impacts of the ever-changing business risks associated with value creation processes in the localised and globalised economy.

Our goal is to protect (People, Environment, Assets and Reputation – PEAR) and create value through our business and supporting activities. This requires 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. These include 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 oversees our ERM process. The Board Audit, Risk and Compliance Committee (BARCC) ensures that Engen complies with the relevant standards and industry norms, and that they are applied effectively across our business to achieve an acceptable risk profile for the company.



OUR RISK GOVERNANCE FRAMEWORK

Our risk profile is a critical element of our business strategy. Through our policy framework, we establish the organisational risk appetite and tolerance limits. Our risk governance system revolves around the following six 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 capture lessons learned from risk experiences and practices, as well as from the outcomes of assurance activities.

Annually, PETRONAS Group Risk Management (GRM) conducts a PRM SA (Self-Assessment) via an online/ internet-based INTERISK platform. The objective of this is to establish the risk management maturity level of the various PETRONAS operating units, of which Engen is one. Engen participates annually. In addition to this PRM SA, PETRONAS' Project Delivery & Technology division also conducts an annual Projects, Plant and Facilities SA. The objective is to provide assurance to PETRONAS DELT in terms of PETRONAS Annual Statement of Risk Management and Internal Control (SORMIC).

Previously, each of our operational divisions and key support functions had a Risk Management Office. Following the reorganisation of the Engen business in late 2017, the coordination of risk management has been centralised back to the ERM Department, based within the Enterprise Risk and Assurance division. The ERM Department oversees all risk management activities across the business, and manages strategic mitigation responses.

HSEQ RISK MANAGEMENT

Engen continues to ensure that risks associated with health, safety, environment and quality (HSEQ) are adequately eliminated and controlled to as low as reasonably practicable (ALARP) levels. During 2018, our focus was primarily the strengthening of our work processes and management systems associated with HSEQ Risk Management. This included work processes primarily associated with, inter alia, land transport, contractor management, safe systems of work, process safety, deviations and risk assessments.

The ongoing identification of risks associated with our business activities and implementation of controls to eliminate or mitigate these risks was conducted. This was done with facility and middle managers to ensure capacity building and accountability for the identified HSEQ risks and associated controls.

The gaps identified in our 2018 assurance activities highlight the need to continually enhance our management systems and organisational HSEQ culture. The focus on sustainable closure of action items associated with all assurance findings and incident recommendations will continue to drive HSEQ performance excellence.

The development of risk management work processes during 2018 focused on hazard identification and risk assessment and deviation and deferral procedures. These activities are conducted through continual consultation with internal stakeholders to ensure adequate integration of all management system aspects. This was also underpinned by focused engagement with internal and external stakeholders on safe systems of work, land transport and contractor management governance processes.

The materiality of identified HSEQ risks at a corporate level was analysed during 2018, while the application of controls associated with these risks were embedded in the 2018 HSEQ Strategic Initiatives. The execution of an average of 92% of the 2018 initiatives resulted in focused and collaborative efforts to reduce HSEQ incidents during FY2018.

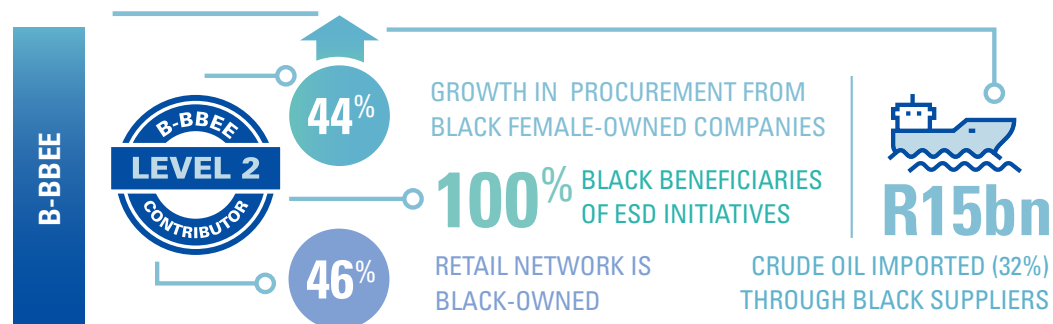
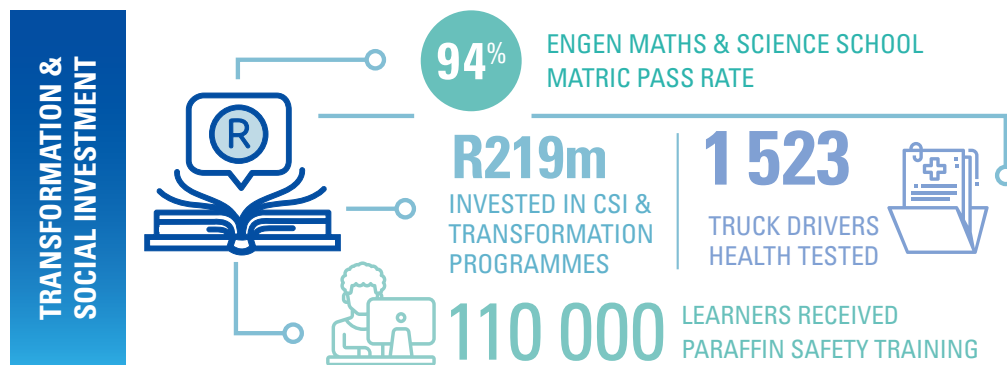
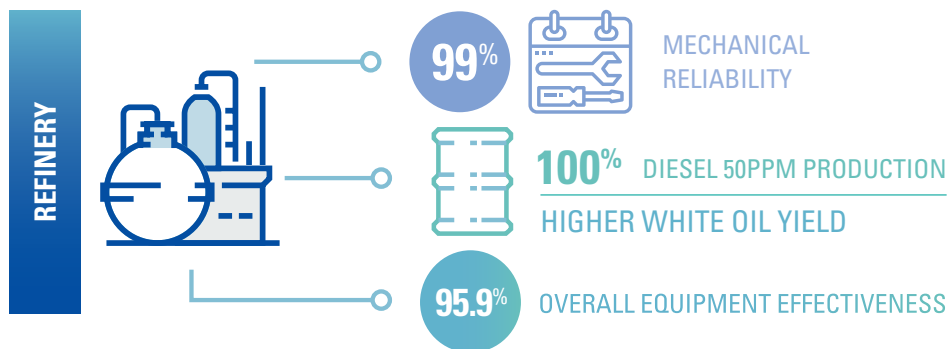
The gaps identified in our 2018 assurance activities highlight the need to **continually enhance our management systems and organisational HSEQ culture**

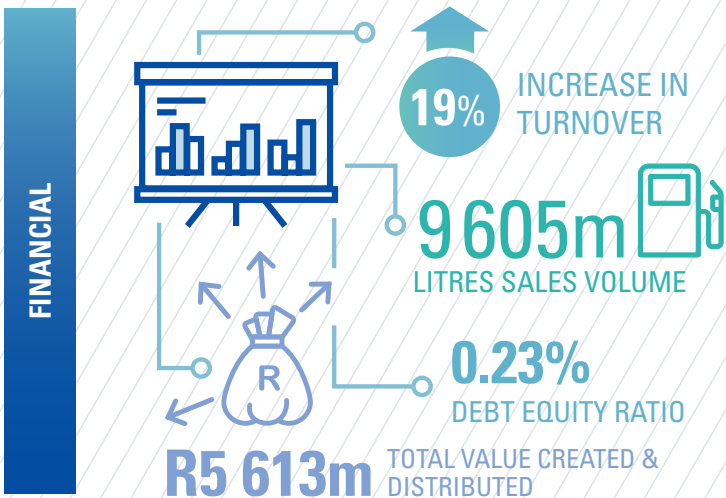
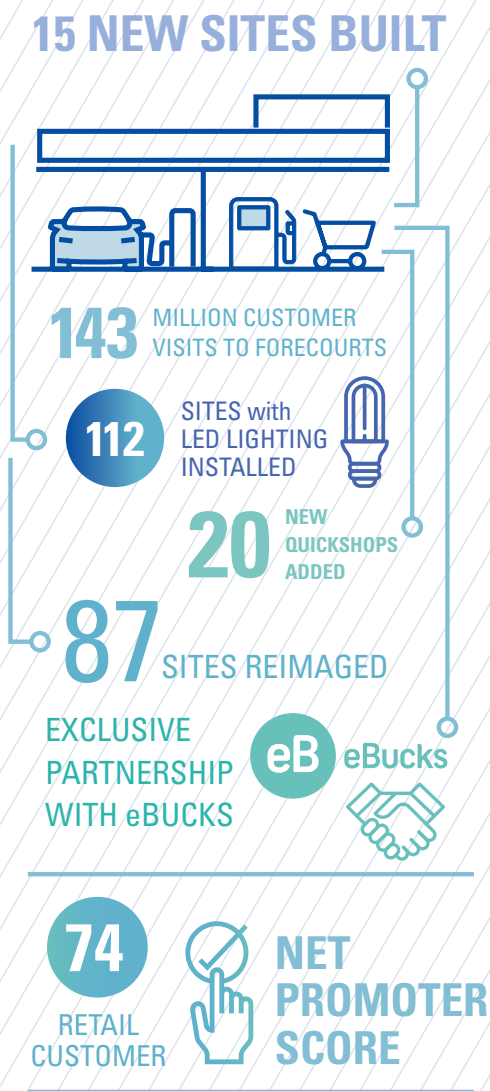
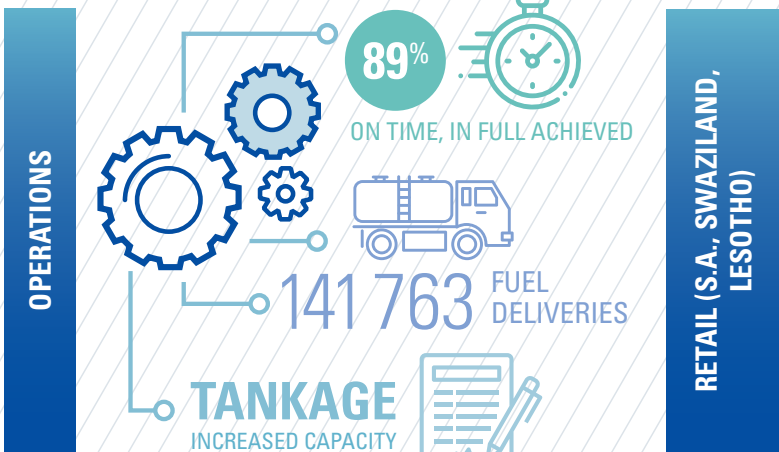
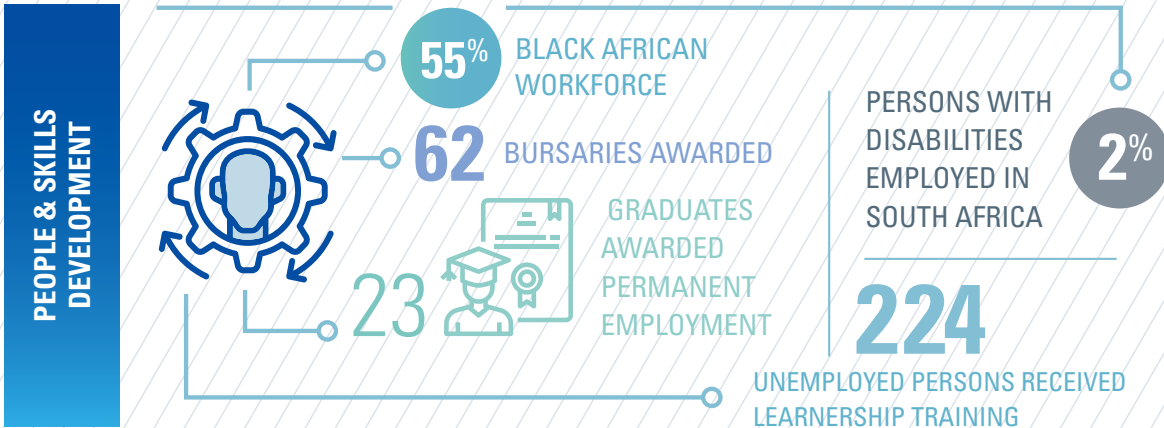
OUR TOP RISKS

	RISK	DETAIL	REF.
	<p>SOCIAL AND RELATIONSHIP CAPITAL: 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>	There are several new regulations covering the environment, labour, shipping, energy, and privacy that are in the process of development.	PAGE 81
	<p>FINANCIAL CAPITAL: Risk of loss of profit and market position due to the evolving business environment.</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.	PAGE 51
	<p>MANUFACTURED CAPITAL: Risk of equipment and infrastructure failure leading to injury and loss of product.</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.	PAGE 57
	<p>HUMAN CAPITAL: Risk of a high impact incident leading to injury or loss of life.</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.	PAGE 66
	<p>NATURAL CAPITAL: 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>	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.	PAGE 75



2018 PERFORMANCE HIGHLIGHTS





PETRONAS Towers,
Kuala Lumpur, Malaysia



OUR LEADERSHIP & REPORTS

35

The Engen Limited Board of Directors provides strategic leadership to the group with due regard to all stakeholders, while the Engen Petroleum Limited management committee is responsible for delivering the strategic objectives as set by the Board of Directors.

Engen Integrated Report 2018

The BOARD



Dato' Sri Syed Zainal Abidin
Syed Mohamed Tahir

NON-EXECUTIVE DIRECTORS

Dato' Sri Syed Zainal Abidin Syed Mohamed Tahir (Chairman)

Dato' Sri Syed Zainal was appointed Chairman of the Engen Limited Board in February 2018. He has extensive oil & gas and automotive industry experience. His current principal appointments also include: Vice President, Marketing, Downstream Business PETRONAS; Managing Director/Chief Executive Officer of PETRONAS Dagangan Berhad; and Chairman, Universiti Teknologi MARA. Dato' Sri Syed holds a Bachelor of Science in Civil Engineering from the University of Maryland.



Phuthuma Nhleko

Phuthuma Nhleko*

Phuthuma is the chairman and co-founder of Phembani. He is a former CEO of MTN, having grown the company's market capitalisation from R20 Billion to well over R250 Billion during his nine-year tenure. Phuthuma is currently the Non-Executive Chairman at MTN. He holds a BSc Civil Engineering (Ohio State University) and a MBA from Atlanta University.



Yusri Yusof

Mohd Yusri Bin Mohamed Yusof

Yusri joined the Engen Limited Board in 2017. He is currently PETRONAS Vice President: Refining and Trading and has broad oil and energy industry experience spanning business planning, operations management, process engineering, continuous improvement and business strategy. He holds a Bachelor of Science (BSc) in Chemical Engineering from Oklahoma State University.



Aman Jeawon

Aman Jeawon

Aman joined the Engen Limited Board in 2015. He joined Phembani Group in November 2013 as the Finance Director, before assuming the role of Chief Operating Officer in the newly amalgamated business of Phembani. Aman is a Chartered Accountant, and a member of the Investment Analyst Society of South Africa (IAS) and CFO Institute of South Africa.



Giuseppe D'Arrigo

Giuseppe D'Arrigo

Giuseppe joined the Engen Limited Board in 2016. He is currently Chief Executive Officer and Managing Director at PETRONAS Lubricants International Sdn Bhd and previously worked at Shell Italia S.p.A. He graduated from the Università degli Studi di Milano with a degree in International Law and Politics and has an MBA from the University of Warwick.

* Replaced Kennedy Bungane in February 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

David Daniel de Beer

Dave joined the Engen Limited Board in 2012. He is a former Chief Financial Officer of Anglovaal Mining and chairperson of Idion Technology Holdings Ltd and Afgri Limited. David is a qualified Chartered Accountant.



David de Beer

Carol Winifred Nosipho Molope

Nosipho joined the Engen Limited Board in 2011. She is a former Chief Operations Officer of the Financial Services Board (FSB). Nosipho holds a Bachelor of Science (Med) from the University of the Witwatersrand and a Bachelor of Commerce (Accounting) from Unisa. She is a qualified Chartered Accountant.



Nosipho Molope

Nombulelo Thokozile Moholi

Nombulelo joined the Engen Limited Board in 2018. A former MD/CEO of Telkom, she currently serves as an Independent Non-Executive Director of Old Mutual, Anglo American Platinum and Woolworths, and is chairperson of the Nedbank Eyethu Community Trust. Nombulelo holds a Bachelor of Engineering (Electrical & Electronics) from the University of Cape Town.



Nombulelo Moholi

Resignations in 2018

Non-Executive Directors:

Datuk Md Arif Mahmood (19 February 2018)

Independent Non-Executive Directors:

Dawn Mokhobo (30 June 2018)

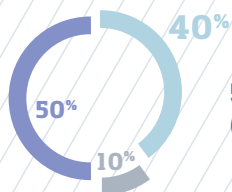


Yusa' Hassan

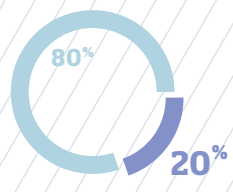
EXECUTIVE DIRECTOR

Yusa' Hassan

Yusa joined the Engen Limited Board in June 2017. He is currently the Managing Director and CEO of Engen Petroleum Limited and has held various senior management positions within PETRONAS, including Managing Director and CEO of PETRONAS Gas Berhad prior to joining Engen. Yusa' holds a Bachelor of Science in Mechanical Engineering from West Virginia University.



50% Black board members
(40% foreign national)



20% Black female board members

CHAIRMAN'S Statement

Engen celebrated 25 years of financial, social and environmental contribution to Southern Africa in 2018. As a brand borne in 1993, we have deep roots in the region stretching back to the turn of 20th century. As Engen, we have always been firmly committed to transformation and socio-economic empowerment and meeting the needs of a broad range of stakeholders. This drive continued in 2018.

Despite a challenging year beset by many uncontrollable factors, we extended our pursuit of the high levels of operational and commercial excellence that we committed to in 2016 when we launched our 5-year *Full Potential* strategy. Our consistent high performance has allowed us to play an important role in the regional as well as local communities' economy; ensuring we contribute to the greater society, while limiting our impact to the environment.

I am inspired by the resolve of the Engen team in 2018. It is clear to me that management and employees are determined to stretch their limits to deliver the superior results by 2020 that we committed to when we launched our strategy. I would like to say thank you to everyone for their hard work in delivering commendable results in 2018, especially in a challenging environment.

A CHANGING GAME

Full Potential, Engen's strategy towards 2020, is to strengthen performance, build resilience and win in the market place. We recognise however that the petroleum industry of today is in flux. Margins are thin and growth is limited. In the latter part of 2018, we witnessed a previously unimaginable situation where the price of gasoline fell below the crude price. This resulted in a decrease in our refining margins, which affected us negatively and almost reversed all of our good efforts of the first nine months of 2018.



Dato' Sri Syed Zainal Abidin Syed Mohamed Tahir

Engen celebrated 25 years of financial, social and environmental contribution to **Southern Africa in 2018.**

The rules of the game have been broken. We have taken notice and are working hard to future-proof Engen. We realise that we need to rethink how we run our business.

As we approach the final stages of our journey to achieve our 2020 targets, and having embedded a high-performance culture and continuous improvement processes, we are working hard to ensure that Engen will be an agile company, with a resilient operating model, excellent talent, digitally enabled and with a more focused portfolio.

We are working hard to ensure that Engen is an **increasingly agile company, with a resilient operating model**

As a forward-thinking company, we are strategising to ensure that we are well positioned to meet the needs of our customers, the expectations of our shareholders and other key stakeholders over a longer-term.

Four interrelated projects have been initiated for 2019 to future-proof Engen and enable us to be a progressive energy and solutions partner that enriches lives for a sustainable future after 2020. These projects are:

1. NON-FUEL GROWTH STRATEGY

In a world of rapid social, economic and environmental change, the future is uncertain. To stay relevant and competitive, we must be open to radical reinvention. This may mean disrupting our current business model and reinventing growth opportunities. We will develop the strategy we need to position Engen in a disrupted world of the future - a world where Engen emerges as a winner.

2. BUSINESS PROCESS MANAGEMENT

Business Process Management (BPM) forms the foundation and enabler upon which our *Non-fuel Growth Strategy* and *SAP S/4Hana* (listed below) will be built. The business process validation and alignment to best practice for BPM is aligned with *SAP S/4Hana* discovery and business process mapping. BPM will enable Engen to operate more efficiently as an adaptive system that responds quickly and effectively to changes in the external environment, whilst driving performance at a process level through effective integration and collaboration of various business units and support functions. This will ensure that we deliver what our internal and external customers really want, with pace and agility.



3. SAP S/4/HANA

SAP S/4Hana is key to our ambition to harness digital and create value. It will support our 'New Ways of Working', reduce costs and prepare our Information Systems for a cloud-dominated world. *SAP S/4Hana* will reduce the time required for us to obtain accurate insights. It will also align us with PETRONAS who has embarked on its own *SAP S/4Hana* project journey.

4. ENTERPRISE INFORMATION MANAGEMENT

Enterprise Information Management (EIM) will develop our capability to manage data as a strategic asset, build an 'Information Advantage' and equip Engen for a data-driven future. The initial focus areas will be Regulatory Compliance, Strategy Enablement and Information Management. This will ensure that we build better relationships with our customers, reduce operational costs and enable digital transformation programs.

| Our work to achieve our **transformation objectives is on track**



Pictured: (L-R) Melanie and David Swartz, co-directors of David Swartz Engineering Services, a South Durban firm that has received support from Engen's Enterprise & Supplier Development fund.

TRANSFORMATION

One of the many privileges of being a part of Engen, is that we all contribute to something larger than ourselves. We operate in societies with unusual levels of poverty and inequality. As such, we have committed ourselves to playing a positive role in addressing these problems through our transformation actions.

The transformation of our South African business in line with the governments' transformation agenda is critical and non-negotiable. We do this, not only to comply with legislation, but because it is our responsibility as a good corporate citizen.

I am proud to tell you that our work to achieve our transformation objectives is on track. In South Africa, we are a Level 2 B-BBEE contributor. In 2018, we committed over R219m to Enterprise Development and Social Investment to help bring about positive change.

HSEQ – NO COMPLACENCY

HSEQ is about ensuring that as we conduct our business, nobody gets hurt and we limit our environmental impact. Our HSEQ performance is one of our proudest achievements of 2018. Specific mentions are extended to our refinery, supply chain and Lubricant Oil Blending Plant (LOBP).

Enref safely executed a major planned turnaround in early 2018. With approximately 6 000 people on site, no major loss of primary containment, fires, fatalities nor environmental impact was recorded. Our supply chain division, particularly our Bulk Truck Operators, also performed exceptionally well, achieving zero Lost Time Injury, fire incidents and fatalities in 2018. Our LOBP achieved one million man-hours without any LTI incident.

We have built a good foundation in HSEQ. However, we must guard against complacency - which will undo all the hard work that we have done over the years.

| We have built a **good foundation in HSEQ**

A VALUED MEMBER OF PETRONAS

It is important to remember that we are part of the global PETRONAS family. The role we play and impact we have on the organisation, does not go unnoticed, with PETRONAS President and Group Chief Executive Officer, Tan Sri Wan Zulkiflee bin Wan Ariffin visiting Engen in 2018, while PETRONAS Executive Vice President and CEO of Downstream, Datuk Arif Mahmood having recently visited South Africa to engage with Engen staff.

GROWING ACCOLADES

During the year, we were proud recipients of several prestigious awards including:

- SUNDAY TIMES TOP BRANDS (“FAVOURITE” Petrol Station) - a testament of our brand strength and recognition by our South African customers.
- SUNDAY TIMES GENERATION NEXT (“COOLEST” Petroleum Brand) - in recognition of our standing amongst South Africans aged between 8-23.
- ASK AFRIKA ORANGE INDEX 2018 (“BEST SERVICE” Petrol Stations) – an acknowledgement for our service excellence in South Africa.

LOOKING AHEAD

The global business environment remains challenging. In these times, it requires us to be innovative and push boundaries in order to deliver superior customer experience.

We must therefore continue to work collaboratively to nurture the trust of all of our stakeholders. We have the support of PETRONAS and will continue to leverage on PETRONAS research and development capability and brand assets.

As we approach the second year of the results delivery phase of our *Full Potential* strategy, 2019, much like 2018, is about further strengthening our core. To this end, we must plan, commit and deliver with discipline, stretch our limits to deliver superior results, take accountability for what needs to be done and collaborate and nurture trust in order for us to achieve shared success. If we all live by the PETRONAS Cultural Beliefs we will deliver superior customer experience,

continue to lead the market and generate sustainable value for our stakeholders.

And most importantly, we must ensure that we achieve our goals without any HSEQ incidences. When it comes to HSEQ, our target is always Zero! Zero harm to people and limited environmental impact. With the right mind-set, I have no doubt we can achieve it.

APPRECIATION

For and on behalf of the Engen Limited Board, I would like to express our deep appreciation to Managing Director and CEO, Yusa’ Hassan and all Engen Petroleum Management Committee members for rallying Engen through unprecedented volatility, creating a very strong foundation to ensure the company continues on its growth trajectory, and for positioning the company to deliver long-term shareholder value.

I am also grateful to all Engen employees, and extend my appreciation for their tenacity in carrying out the Company’s strategies throughout the year.

My sincere gratitude and appreciation is also extended to the South African government, in particular the Department of Mineral Resources and Energy, but also to other relevant state agencies and regulators, for their unwavering support.

Last, but not least, I would like to thank my fellow Board members for their support and stewardship in guiding Engen throughout 2018.

**Dato’ Sri Syed Zainal Abidin Syed
Mohamed Tahir**

Chairman

The MANAGEMENT COMMITTEE



Yusa' Hassan (Managing Director & CEO)

Yusa joined the Engen Limited Board in June 2017. He is currently the Managing Director and CEO of Engen Petroleum Limited and has held various senior management positions within PETRONAS, including Managing Director and CEO of PETRONAS Gas Berhad prior to joining Engen. Yusa' holds a Bachelor of Science in Mechanical Engineering from West Virginia University.



Sandra Koen (General Manager: Finance)

Sandra's career with Engen spans 25 years. Since joining the company in 1994, she has held various senior management positions in the finance function, including Finance Shared Services Manager, IBD Finance Manager, and Finance Manager of the Engen Sales and Marketing division. Sandra was appointed to the Engen Management Committee in 2017 as GM: Finance. Sandra is a Chartered Accountant and holds Bachelor of Accountancy and Bachelor of Commerce degrees.



Chwayita Mareka (General Manager: Human Resources)

Chwayita joined Engen in 2011, beginning her journey with the company in Talent Development. She later moved into Organisational Development and Sales and Marketing HR. Chwayita joined the Engen Management Committee in 2017 as GM: Human Resources. She holds an MBA and is currently studying towards her Masters in Organisational Psychology.



Ivershini Reddy (General Manager: Enterprise Risk and Assurance)

Ivershini joined Engen in 1991. In her 28 years with the company, she has held roles spanning operations, marketing, finance, strategy, trading, audit and risk management. Ivershini joined the Engen Management Committee in 2007 as GM: Corporate Affairs. From 2008-2013 she served as GM: Supply Trading and Optimisation before assuming her current position as GM: Enterprise Risk and Assurance. She holds a Bachelor of Science Degree; a Masters in Business Engineering, and has recently qualified as a Chartered Director (SA).



Drikus Kotze (General Manager: Commercial*)

Drikus has been working for Engen for 28 years, with experience spanning Retail; Supply, Trade and Optimisation; Information Services; Strategic Projects; and Distribution Convenience Marketing. Drikus spent time in Malaysia on secondment to PETRONAS as Head of Downstream Strategy immediately prior to joining the Engen Management Committee in 2013 as GM: International Business Division, before being appointed GM: Commercial in March 2019. He holds a Bachelor of Commerce (Honours) degree and an MBA.



Sykry Hassim (General Manager: Refinery**)

Sykry has vast experience within the engineering discipline, having joined PETRONAS in 1997. He joined the Engen Management Committee in 2019. Immediately prior to his secondment to Engen, Sykry was Head of the Engineering Department at the Malaysian Refining Company Sdn Bhd (MRC SB), Melaka. He is a former maintenance manager of the Engen Refinery. Sykry, holds a Bachelor of Engineering (Mechanical) from the Royal Melbourne Institute of Technology.



Khalid Latiff (General Manager: Corporate Strategy & Communications^{*})**

Khalid joined PETRONAS in 1999. He has held various senior management positions within Lubricants and Downstream Marketing, including Regional Business Head (APAC) and Regional Business Head (North America) of PETRONAS Lubricants International. He joined the Engen Management Committee in 2019. Khalid holds a MBA from Massachusetts Institute of Technology (MIT) and a BBA (Hons) Marketing from the Universiti Teknologi MARA. He has also completed the Senior Management Development Programme offered by INSEAD.



Seelan Naidoo (General Manager: Retail)

Seelan joined Engen in 1986. Since then he has occupied various positions at the refinery and within the International Business Division. He joined the Engen Management Committee in March 2017 when he was appointed GM: Retail. Immediately prior to this, he was Manager: East Africa Business in IBD. Seelan holds a Bachelor of Commerce.



Shirley Moroka-Mosia (General Manager: HSEQ)

Shirley joined Engen in 2008 as a Corporate Environmental Specialist. She subsequently held the positions Manager: Sustainability and Environmental Management, and Manager: HSEQ Strategy and Performance. Shirley joined the Engen Management Committee in 2012 when she was appointed GM: HSEQ. She holds a Bachelor of Science (Chemistry and Biochemistry) and a Bachelor of Science with Honours (Medical Biochemistry).



Fiona Gumede (General Manager: Corporate Legal, Company Secretariat & Security)

Fiona is an admitted attorney of the High Court of South Africa with approximately 17 years' experience acquired in both her capacities as a practising attorney and in-house counsel. She joined Engen in 2011 when she was appointed as GM: Corporate Legal and Company Secretariat. Fiona holds Bachelor of Arts (Law), LLB and LLM degrees, and has completed an executive programme at Wits Business School.



Adnan Adams (General Manager: Supply Chain)

Adnan joined Engen in 1991 as Treasury Trading Manager. He was appointed to the Engen Management Committee in 2007 as GM: Enterprise Risk and Assurance, a position he held until his appointment as GM: Corporate Planning in 2013. Adnan assumed the position GM: Supply Trading and Optimisation in 2016. In 2017, he was appointed GM: Supply Chain, a position that includes management oversight of all depot operations alongside Engen's corporate general interest economics. Adnan holds a Bachelor of Commerce in Accounting.



Steve Williams (General Manager: Lubricants)

Steve joined Engen in 1984. In his 35 years with the company, he has held various positions in human resources, refining and marketing. He joined the Engen Management Committee in 2009 as GM: Lubricants. In 2012 he joined PETRONAS Lubricants International as Regional Head Africa and Middle East, before re-joining Engen as GM: Lubricants in 2017. Steve holds a Bachelor of Arts (Honours) in Economics and Industrial Psychology.

* Appointed GM: Commercial on 1 March 2019 (replacing Joe Mahlo. Previously GM: International Business)
 ** Appointment effective 1 March 2019. Replaced Jehan Zaid who returned to PETRONAS
 *** Appointment effective 1 February 2019. Replaced Ruslan Islahubin who returned to PETRONAS



Yusa' Hassan

CEO's Statement

The year under review was challenging for Engen, notwithstanding that there were a number of highlights. In the face of a difficult operating environment, we entrenched our customer-focused strategy and the resilience required to ensure our long-term sustainability and competitiveness.

OPERATIONAL EXCELLENCE

Our refinery continued to perform at exceptionally high levels in 2018. We completed a major Turnaround safely in Q1 with over 3 million man-hours recorded and over 6 000 people on site.

The turnaround allowed us to install a number of margin improvement projects. One of these was to ensure the safe processing of opportunity crudes at optimum cost with improved plant reliability. This enabled our refinery to broaden its processing of alternate crude varieties. Combined with a re-focused product mix that included several new products, we were able to improve white oil yield and boost our refining margin.

The refinery's plant reliability was **99% in 2018.**

The refinery's plant reliability was 99% in 2018. However, slowdowns caused by commissioning new equipment installed during the turnaround resulted in our Overall Equipment Effectiveness (OEE) metric dipping to 95.9% from 99.7% in 2017. Additionally, we realised the benefits of the Catalytic Hydro-Dechlorination (CHD) reactor, streamed in late 2017, which allowed 100% diesel production to 50-ppm Sulphur specification in 2018.

We also embarked on a transformation journey at our refinery in 2018. This initiative aims to drive a culture of World Class Operational Excellence across the PETRONAS Downstream network by standardising our Management Systems and Work Processes and empowering our teams. This will ensure that we operate at the highest levels, and enable our people to participate and interact within the broader PETRONAS group. In addition, we will be rolling this out to our Lubricants Oil Blending Plant as well as to our depots.

On the supply side, we continued to invest in infrastructure to ensure that we can safely supply our customers amidst growing demand, especially in the inland area of South Africa.

We secured additional capacity in both Durban and Gauteng that we expect to stream in 2019. Upgrades to key inland terminal and depot facilities - at Rustenburg, Pretoria and Witbank (reported on in our previous report) - as well as a long-term throughput arrangement with Burgan Cape Town Terminal, and tankage capacity in the VOPAK Growth 4 and Lesedi projects (to be commissioned in Q4 2019), assures us that we will meet our growing market requirements and alleviate any short-term supply disruptions.

On Time, In Full (OTIF) is a key measure for our customer service. OTIF is our supply chain reliability measurement of how often we deliver customers' order quantity in the agreed delivery timeline. In 2018, our overall OTIF score was 89%.

Our combined sales volume for 2018 totalled 9.60 billion litres

Our Lubricants Oil Blend Plant (LOBP) achieved a 'Right First Time' performance of 99.1%, placing the facility amongst the best in the world.

Looking ahead, we must ensure we capitalise on our assets through productivity and efficiency improvements to increase profitability. As such, our focus will be on driving down our cost to serve through an efficient end-to-end supply chain and strategic procurement. We will also seek to optimise our value chain via enterprise optimisation, competitive sourcing and other strategic initiatives.

COMMERCIAL EXCELLENCE

With approximately 26% share, we remain the significant leader in the South African petroleum market. In 2018, we recorded 143 million visits to our sites in South Africa and pumped 6 833 million litres of fuel in the country, our largest market. We pumped a further 2 772 million litres outside of SA.

The trust and love our customers feel for us was once again borne out by our success in two significant national surveys. In 2018, Engen was named South Africa's favourite petrol station in the Sunday Times Top Brands survey as well as the country's 'coolest petroleum brand' in the Sunday Times Generation Next survey. This was the 9th successive year that we achieved this. More importantly, our retail customer Net Promoter Score (NPS) has improved by 18 points since 2017, which places us ahead of all our competitors.



The drop in crude and product prices in late 2018 resulted in a decrease in our refining margins

To guard against complacency, we looked to increase market share. In 2018, we built 15 new service stations in South Africa, a record for the company, and 11 in our other markets. We also completed nine knockdown rebuilds, added 20 new Quickshops to our network and installed LED lighting at 112 sites, ensuring Engen service stations offer a welcoming and safe appearance to our customers. Furthermore, we entered into an exclusive agreement with eBucks, one of the largest loyalty programmes in South Africa.

Our combined sales volume for 2018 totalled 9,605 million litres. Amidst a technical recession in the first half of the year and a muted economic environment, we pumped 6,833 million litres in South Africa (and Swaziland and Lesotho), which was 2% down on 2017. Our 15 other markets contributed 2,772 million litres, an 8% increase on 2017. Overall, we grew our fuels market share by 0.2% in South Africa, in a declining market. This is a commendable achievement.

In 2019, we plan another aggressive new site build in South Africa, especially in growth areas where Engen is typically under-represented. We will also continue to revitalise our network where required, ensuring that we expand our footprint and grow market share. In Namibia, Botswana and Mauritius we will prioritise consolidation of our significant market positions.

On the Commercial front, we implemented a new CRM model, which will enhance our customer relationships and sales enablement. This will also facilitate the

upskilling of our people to sell Engen products, and offer solutions the Engen way.

Our Lubricants team implemented a 'Route to Market' project. This is bearing early fruit, with lubricants volumes growing by 4.7% in 2018 - with South Africa growing by 6%, against a flat market. We also optimised our Lubes inventory by 36%. While this is an improvement, we will continue to strive for better.

In September 2018, we announced that we had reached a deal with VIVO Energy to transfer the Engen business in nine countries, in exchange for an equity share in VIVO. The transaction will add approximately 230 Engen-branded service stations in Gabon, Kenya, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe to VIVO's network. Following the transaction, we retain our interests in South Africa, Mauritius, Botswana, Ghana, Namibia, Swaziland and Lesotho, which were not part of the transaction.

Our business in the Democratic Republic of Congo (DRC) remains under evaluation by VIVO Energy, pending agreement between Engen and the DRC government regarding the transfer of the subsidiary holding Engen's DRC interests.

The transfer of the businesses to VIVO Energy means that while we have relinquished our business operations in nine countries, we will continue to have an interest in the fast-growing sub-Saharan market through our 5% shareholding in VIVO Energy.

A CHALLENGING OPERATING ENVIRONMENT

A year beset by a technical recession in South Africa in Q1, rising fuel prices, and latterly a significant decline in global oil prices, resulted in a sharp decline in our gross margins versus those of recent years.

While a number of external factors beyond our control affected us, in particular the drop in crude and product prices in late 2018 resulted in a decrease in our refining margins. We also experienced lower marketing margins in South Africa and a net realisable loss on inventory holdings in December 2018 on the back of this significant decline in refining margin. This saw our gross profit decrease by R2,977 million from the previous year.

Our expenses increased by 1% mainly because of higher depreciation costs due to the capital expansion programme in our Retail and Commercial divisions in South Africa, and to a lesser extent in Mauritius, Namibia and Botswana. A depreciation charge on stay-in-business capital at our refinery also affected expenses.

We remain largely ungeared. This presents an opportunity for the funding of significant projects over the longer term.

Our Total Assets increased from the previous reporting period by R2,485m to R43,363m. This was driven by an R1,988m increase in assets held-for-sale as well as an increase in property, plant and equipment of R1,419m, and offset by a decrease in cash and cash equivalents of R1,417m.

While significant capital investment continues across our value chain, Capex at our refinery has a clear focus on the environment, maintenance and reliability, infrastructure, buildings and equipment, future fuels, and profit generating interventions.

SAFETY EXCELLENCE

Working smarter should not just be about output and reliability; it has to be about finding better and consistent ways to work safer. Over the past few years, we have placed a significant focus on our safety performance. I am encouraged to say that this has resulted in an overall improvement in our safety record, with our safety performance in 2018 one of our proudest achievements.

A special mention to our Supply division, who had an outstanding year, achieving zero Lost Time Injuries, no fire incidents and, more importantly, no fatalities.

Special acknowledgement is extended to our dominant union; the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) and our Bulk Truck Operators for their invaluable support in helping us achieve this.

Other notable achievements in 2018 were at our Lubricants Blend Plant, which achieved one million man-hours without an LTI; while our colleagues in Botswana, Namibia and Mauritius all achieved notably good monthly performances.

Our 2018 safety performance shows that we have built a good foundation. We must however guard against complacency - which will undo all the hard work that we have put in over the years.

Our safety performance in 2018 is one of our proudest achievements



ENVIRONMENTAL EXCELLENCE

We continued on our quest to manage natural resources across our value chain responsibly while still being able to meet the demand of our customers. As such, we maintained stringent focus on our impact across various environmental aspects, including air quality, wastewater, solid waste, soil and groundwater.

We maintained our compliance status for atmospheric emissions for all our facilities in 2018.

Several of our environmental performance indicators for 2018 have been subjected to a reasonable assurance process. These include our refinery emissions of Sulphur Dioxide (SO₂), Nitrogen Dioxide (NO_x), Refinery Particulate Matter, Engen Scope 1 and 2 Greenhouse Gas Emissions, and Engen Total Energy consumed. Please refer to the 'Protecting the Environment' section of this report (pages 75-80) for a detailed overview of our environmental performance.

INVESTMENT IN OUR PEOPLE

Our people are the foundation of our business. Successful delivery of our strategy demands the right people, skills, mind-set and culture. In order to achieve this, our focus is to drive a high-performance culture, with increased attention on talent management and engagement with our employees. This is covered in detail in the 'Our People' section of this report (pages 66-70).

In 2018, we continued to focus a great deal of attention on embedding a high-performance culture as we believe that this is key to achieving sustainable profits and a deep-rooted safety mind-set.

Engen has a depth of talent, of both genders and are well distributed in accordance with South Africa's demographic profile. Supporting South Africa's transformation agenda remains an important focus area. In South Africa we employ 3 104 (2017: 2 884) people, of whom 2% (2017: 2%) are disabled and 55% (2017: 51%) are black African.

We maintained our compliance status for atmospheric emissions for all our facilities in 2018

Due to the unique nature of our operations, we rely heavily on developing talented employees from within our own ranks. I am therefore not only proud, but also encouraged that there is abundant talent to take Engen forward.

The ongoing commitment of our employees is vital to our future success. We pay considerable attention to ensuring that our values and high-performance culture are understood and lived throughout the organisation. To this end, consistent investment in skills development sits at the core of our objectives to empower employees to perform at their peak and to develop our future leaders from within.

LOOKING AHEAD

We continue to explore opportunities for growth and sustainable performance improvement. Our four-pillar strategy - Strengthen the Core, Partner for Growth and Focus on Returns, Drive Down Cost to Serve, and Optimise Across the Value Chain – will continue to provide a basis for our long-term performance, investment and growth.

While we made good progress in 2018, we need to achieve more to unlock growth opportunities. It is incumbent upon us to display improved agility and a deeper understanding of the needs of our customers. We must also maintain a strong focus on the management of our operations to achieve world-class performance in manufacturing and distribution.

The rapidly changing downstream petroleum market and consistent technological advancement requires us to maintain a keen eye on economic, political and market conditions, while taking a longer-term strategic view on building for the future.



APPRECIATION

I would like to take this opportunity to acknowledge our valued customers for their continued trust in our products and services.

I would like to thank the Engen Limited Board for their leadership, support, guidance and valuable contribution in 2018. Your collective acumen and deep business knowledge continue to hold Engen in good stead.

To my colleagues on the Engen Petroleum Limited Management Committee, I thank you all for your dedication and hard work under tough market conditions.

Most importantly, my thanks go to all employees for their continued effort to drive the ongoing success of Engen. With us you are Number One.

YUSA' HASSAN

Managing Director and CEO



DELIVERING LONG-TERM VALUE

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On the back of sluggish economic growth in South Africa in the first half of the year, lower refinery margins and rising fuel prices, 2018 represented a year of significant challenge for Engen.

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Financial PERFORMANCE OVERVIEW

On the back of sluggish economic growth in South Africa in the first half of the year, lower refinery margins and rising fuel prices, 2018 represented a year of significant challenge for Engen. A muted economic environment, coupled with a significant decline in global oil prices in the latter part of the year, resulted in a sharp decline in gross refining margins versus those of recent years.

Outside of South Africa, encouragingly higher marketing volumes were realised in our businesses in Mauritius, Namibia and Botswana, resulting in a comparatively higher turnover in these countries versus 2017.

In 2017, Engen entered into a transaction with VIVO Energy. VIVO Energy acquired our operations in Gabon, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe. Certain entities forming part of our interests in the Democratic Republic of Congo, did not form part of the initial sale. Excluded from the transaction were Engen's businesses in Botswana, Mauritius and Namibia.

In 2018, we also entered into an agreement to sell our business in Ghana to Moco Ghana Limited. This transaction was completed by 1 March 2019.

In accordance with IFRS 5, our operations noted for sale are classified as held-for-sale and form part of the discontinued operations of the Engen business at the end of 2018.

The financial performance overview on page 53 encompasses a comparative year-on-year analysis of the 2018 reporting period. We have restated previously reported results for 2017, as required by IFRS 5, to account for Engen Ghana Limited, which was classified as held-for-sale during 2018.



TOTAL VALUE CREATED **R5,613m**

Key FINANCIAL INDICATORS

The key indicators of our financial performance were as follows:

(R million unless shown otherwise)	2018	2017 *	% CHANGE	5 YEAR AVERAGE	% CHANGE
Extract from the Statement of Profit or loss					
Turnover - continuing operations	82,501	69,486	19%	86,192	-4%
Operating profit - continuing operations	2,326	5,154	-55%	3,214	-28%
Net profit for the year - continuing operations	1,802	3,315	-46%	2,042	-12%
Extract from the Statement of Financial Position					
Total Assets	43,363	40,878	6%	37,791	15%
Equity attributable to equity holders of the parent	22,626	22,328	1%	19,479	16%
Sales Volumes (in millions of litres)					
Local	6,833	6,959	-2%	7,094	-4%
International	2,772	2,565	8%	2,364	17%
	9,605	9,524	1%	9,458	2%
Financial Ratios					
	2018	2017			
Return on Total Assets	4.6%	8.5%			
Current ratio	1.7x	1.9x			
Return on Capital Employed	8.2%	14.4%			
Debt Equity Ratio	0.23%	0.28%			
Crude Cost					
	2018	2017			
Closing crude cost (\$/Bbl)	59.74	54.60			
Average R/\$ exchange rate	13.23	13.18			

* Restated, as required by IFRS 5: Discontinued Operations

PROFIT AND LOSS

Gross profit decreased by R2,977 million from the previous year. This was mainly due to lower refining margins in 2018 because of less favourable product price movement to the crude price. In addition, we experienced lower marketing margins locally and a net realisable loss on inventory holdings in December 2018 on the back of the significant decline in global oil prices.

Our South African sales volumes also showed a downward trend, particularly on the commercial side of our business, with the business-to-business market impacted by the tough economic environment and higher fuel prices. In Mauritius, Namibia and Botswana, we experienced volume growth.

Expenses increased by 1% in 2018 mainly because of higher depreciation costs due to the capital expansion programme in our Retail and Commercial divisions in South Africa, and to a lesser extent in Mauritius, Namibia and Botswana. A depreciation charge on stay-in-business capital at our refinery also affected expenses. In addition, we incurred higher commission costs in 2018, mainly in our South African retail business, due to two loyalty programmes introduced with new partners, First National Bank and Edcon.

Our operating costs decreased in 2018 mainly due to lower comparative impairment losses recognised in respect of property, plant and equipment.

FINANCIAL POSITION

Our statement of financial position is currently largely ungeared. This presents an opportunity for the funding of significant projects over the longer term. The Group reviews its debt to equity position on a semi-annual basis to ensure that its capital management objectives are being met. Gearing levels may change due to volatility in uncontrollable factors such as currency and commodity price fluctuations. We have earmarked our long-term funding for capital expenditure, while overnight markets are accessed for working capital requirements.

Significant capital investment continues to be made across our value chain

Engen's Total Assets increased from the previous reporting period by R2,485m to R43,363m at the end of 2018. This was driven by an R1,988m increase in assets held-for-sale as well as an increase in property, plant and equipment of R1,419m, and offset by a decrease in cash and cash equivalents of R1,417m.

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 have steadily overhauled the networks we acquired from our competitors in recent years.



Significant capital investment continues to be made 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 the collective efforts of management, employees and providers of capital. The statement shows how value added has been distributed to those contributing to its creation.

R million	31 December 2018	31 December 2017*
Value Added	5,457	8,664
Income from Investments	156	291
Total Value Created	5,613	8,955
Value Distribution		
Employees	2,095	2,346
Equity Capital Providers	2,264	2,378
Loan Capital Providers	25	35
Government	386	1,542
CSI	22	35
Retained for Future Growth	821	2,619
- Depreciation and Amortisation	860	704
- Retained Profit	(251)	1,426
- Deferred Tax	212	489
Total Value Distributed	5,613	8,955

*Restated, as required by IFRS 5: Discontinued Operations



CONTINUOUS OPERATIONAL IMPROVEMENT

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In 2018, our refinery progressed in a number of areas, supply side investment continued to anticipate steadily growing fuel demand in South Africa, our Lubricants business continued its upward trajectory, and we built a record number of new service stations.

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REFINING



99%

REFINERY
RELIABILITY

95.9%

OVERALL
EQUIPMENT
EFFECTIVENESS

Our refinery progressed in a number of areas in 2018, especially in safety performance, reliability and competitiveness, to enhance its status as an excellent manufacturer of petroleum products.

In the year under review, the refinery successfully executed a planned turnaround in Q1. Over three million man-hours were recorded as mechanical inspections, repairs and equipment upgrades were conducted. With approximately 6 000 people on site for the duration of the turnaround, a satisfactory safety record was achieved with no major loss of primary containment, fires, fatalities or environmental impact recorded. We were however disappointed to record three Lost Time Injuries, all of whom fully recovered.

The turnaround also provided an opportunity to install a number of margin improvement projects. One of these - a project to safely process opportunity crudes at optimum cost with improved plant reliability - won a Silver Award at the 2018 PETRONAS Operational Excellence Forum. This project enabled our refinery to broaden its processing of alternate crude varieties.

The turnaround also provided an opportunity **to install a number of margin improvement projects.**

Combined with a re-focused product mix that included several new products, this resulted in improved white oil yield and a boost to our refining margin.

An advanced control system was successfully implemented during the turnaround. This new digitalisation technology was phased in. The Human Machine Interface (HMI) upgrade optimises processes by allowing operators to control the plant and further improve uptime, productivity and safety. In addition, Engen's design philosophy adopted the Abnormal Situation Management (ASM) consortium principles and guidelines to improve the management of emergencies.

Outside of the turnaround, plant reliability was 99.0% versus a plan of 96.6%. Slowdowns caused by commissioning new equipment installed during the turnaround resulted in our Overall Equipment Effectiveness (OEE) metric to dip slightly to 95.9% versus a plan of 96.7%. However, we recovered much of the potential loss through innovative solutions borne out of tenacity and collaboration.

In addition, the refinery realised the benefits of the Catalytic Hydro-Dechlorination (CHD) reactor, which streamed in late 2017. In 2018, we achieved 100% of diesel production to 50-ppm Sulphur specification.

Our refinery also embarked on an Operational Excellence Transformation journey in 2018. This aims to drive a culture of “World Class Operational Excellence” across the PETRONAS Downstream network by standardising the Management Systems and Work Processes and empowering teams. This ongoing journey will ensure that our team strives to operate at the highest level, and enables them to participate and interact within the broader PETRONAS Group.



SUPPLY

Our Supply Chain division is responsible for ensuring security of supply and delivering all customer fuel requirements safely, on time, at lowest cost and with no impact to the environment. The division is also responsible for the procurement of the crude oil as feedstock for our refinery as well as importing additional fuels, which we cannot source locally. Furthermore, Supply Chain manages and operates all Engen terminals and depots, and the distribution and bulk transport that services our network of retail service stations and commercial customers.

With fuel demand growing steadily in South Africa, we have responded to our inland and coastal customer needs, with a specific focus on Gauteng where demand is largest, by improving our logistics network efficiency. To this end, we have put in place the building

With fuel demand growing steadily in South Africa, **we have responded to our inland and coastal customer needs**



Pictured: (L-R) Rozani Hamid, Manager: Enterprise Optimisation, receiving focused recognition from Engen Limited Chairman, Dato' Sri Syed Zainal Abidin.

blocks to secure a watertight end-to-end supply chain that reduces costs, improves work efficiencies and maximizes returns.

We do however also rely on third party infrastructure. This often leaves us struggling to service customers timely and cost effectively in the face of stock out, shutdown and transport complications. Our Supply Chain division endeavors to continually improve on OTIF (On Time In Full) as a key measure for customer service. In 2018 our overall OTIF score was 89%.

In 2018, we secured additional capacity in both Durban and in the Gauteng area that we expect to stream in 2019. Alongside upgrades at key inland terminal and depot facilities reported on in 2017 - specifically at our Rustenburg Depot, Pretoria Pipeline Terminal (Waltloo) and Witbank Pipeline Terminal - as well as the long-term throughput arrangement we signed with Burgan Cape Town Terminal in August 2017, we are certain that we will meet our growing market requirements and alleviate any short-term supply disruptions.

We have also secured tankage capacity in the VOPAK Growth 4 and Lesedi projects. This tankage will be commissioned in the final quarter of 2019. It will ensure further security of supply in the crucial inland area of South Africa. These investments provide us with adequate capacity for anticipated growth in demand in the coming years. They also help address any short-term supply constraints.

Through the VOPAK Growth 4 Project, we have secured tankage at Island View in Durban and are investigating securing tankage at Coega in the Eastern Cape once industry is moved from Port Elizabeth and the Port of Port Elizabeth is permanently closed. At the Port of Cape Town, we secured tankage with Burgan Cape Terminals in 2017 to supplement additional supply into the Western Cape.

We also continue to assess technology to improve agility, reduce costs and respond to environmental changes in our Supply Chain.

LUBRICANTS

Our Lubricants business continued its upward trajectory as it sought various manufacturing and logistics efficiencies and improvements in 2018. From a customer perspective, our Net Promoter Score for Lubricants improved from 47 in 2017 to 70 in 2018.

OPERATIONAL EXCELLENCE

In 2018, Lubricants set out to transition manufacturing from “safe and reliable operations” to “world-class manufacturing” operations. This is a joint initiative with our refinery and will be complete early in 2021.

The focus will be on empowering teams and transforming leadership, standardising manufacturing processes and systems, and implementing digital technology in line with PETRONAS facilities.

Other key deliverables include the establishment of Operational Excellence Management Systems in line with other PETRONAS manufacturing plants, capability development to entrench roles and responsibilities, and the rollout of Maintain and Operate facility work processes.

OVERALL EQUIPMENT EFFECTIVENESS

In order to ensure that our lubes manufacturing plants are competitive and help deliver the Operational Excellence objective set out above, we recognise it is imperative that we establish manufacturing ability that is top quartile within PETRONAS Lubricants International (PLI) in terms of HSE, reliability, product quality and conversion cost, and is also competitive in terms of agility, responsiveness and assets effectiveness.

To this end, we are striving for superior reliability of our end-to-end manufacturing from sourcing to delivery, and advantaged Cost-to-Serve of our products and Cost-to-Source of base oils, additives and finished product. We are also seeking capacity to respond to supply and demand volatility, the efficient use of assets (i.e. working capital and capex in line with industry benchmarks), and Optimised Integrated Margin (i.e.

ability to measure and manage the value chain).

OEE Theory includes the measurement of manufacturing performance within a supply chain, expressed as a percentage. It measures the overall equipment effectiveness and efficiency in terms of the following:

- Sourcing raw materials on time;
- Achieving the Production Plan in full;
- Producing Right First Time;
- Adherence to all Standards and Certifications;
- Full HSEQ compliance;
- Optimisation of asset utilisation; and
- Delivery to stock and customer requirements.

The international OEE best in class for packages batch production with over 550 SKU's is 75%. Our OEE average in 2018 was 63% and the stretch target for 2019 is 68%.

ON TIME IN FULL

We have also set out to make our lubes supply chain a competitive function that helps deliver our Operational Excellence objective.

To achieve this we aspire to have a customer centric integrated lubes supply chain that is top quartile within PLI in terms of reliability and cost-to-serve, and competitive in terms of agility, responsiveness and assets effectiveness.

Our On Time In Full (OTIF) measurement covers logistics performance within a supply chain. It is a holistic measurement that determines our ability to deliver our customers ordered quantity within the agreed SLA. Expressed as a percentage, it measures whether we were able to deliver the expected product (reference and quality) quantity ordered, to the place agreed by the customer, at the time expected by the customer.

The PETRONAS Lubricants International OTIF benchmark for logistics of over 550 SKUs of packaged products is 85%.

Our OTIF average in 2018 was 72% and the target for 2019 is 78%.



GOOD DAY, GREAT DAY

In our continuous effort to drive sustainable performance, we embarked on a “*Good Day Great Day*” programme. This is aimed at improving Operational and HSEQ performance at our Lubricants facilities.

The GDGD programme was initiated on 1 August 2018 at both our Lubes Oil Blend Plant (LOBP) and Zenex Blend Plant (ZBP), and at three Distribution Centres – Isando (Johannesburg); Epping (Cape Town) and Milner Road (Durban). A Good Day is defined as a day where any facility has successfully met all the pre-determined targets; whilst a Great Day is defined as any day, where all facilities have successfully met all the pre-determined targets.

LAND TRANSPORTATION MANAGEMENT SYSTEM

In an effort to drive sustainable HSEQ performance, site and route risks and hazard mapping was completed for each transporter of our lubricants. All transporters were trained by PETRONAS in May 2018, with the associated standards and documentation rolled out.

At the end of 2018, Site Hazard Mapping was done at 210 sites versus a plan of 219 (96% completion). Route Hazard Mapping was completed at 302 sites versus a plan of 307 (98% completion).

In 2019, we will focus on auditing the behaviour of Operators while loading, driving and offloading to ensure continuous coaching to strive for zero incidents. In addition, we have implemented a drive to update all digital monitoring systems on bulk and packaged lube trucks to ensure HSEQ compliance as per PETRONAS Technical Standards.



RETAIL

With an estimated 26% share of the South African fuel market, and approximately 1 039 service stations, Engen is the largest fuel retailer in the country. Despite our market leading status, our executive management has challenged us to increase our market share.

To this end, we constructed 15 new service stations in South Africa in 2018, the best performance achieved in a single year in Engen history. In addition, we also completed nine knockdown rebuilds, and added 20 new Quickshops to our network. Two of our iconic 1-Stop service stations are currently undergoing revitalisation. Outside of South Africa, we built 11 new service stations.

By identifying new locations and constructing new service stations in growth areas where Engen is typically under-represented, we are ensuring that we expand our footprint and grow market share.

We constructed 15 new service stations in South Africa in 2018, **the best performance achieved in a single year in Engen history**

1039

Service Stations in South Africa



26%

APPROXIMATE SHARE OF THE SA FUEL MARKET



In 2018, we also undertook to reimage 87 of our service stations to our blue image. Furthermore, we installed LED lighting at 112 sites, ensuring Engen service stations have a consistent look and feel, and offer a welcoming and safe appearance to our customers.

In 2018, we also entered into an exclusive agreement with eBucks, one of the largest loyalty programmes in South Africa. This successful partnership resulted in additional fuel volumes being pumped from our forecourts.

With another aggressive new site build and revitalisation programme planned for 2019, we expect to grow our share of the South African retail fuels market in the years ahead.

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NEW SERVICE STATIONS BUILT
(15 IN SA AND 11 OUTSIDE SA)



20

**QUICKSHOPS
ADDED IN SA**

112

**SITES with
LED LIGHTING
INSTALLED**



CREATING A SUSTAINABLE FUTURE

65

Care for, and investment in, our employees and the communities in which we operate, coupled with responsible environmental stewardship, continues to underpin our sustainability agenda.

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Our PEOPLE

Recruiting good people is no longer enough in an era of intense competition, shifting markets and changing rules of the game. In order for us to retain, support and prioritise our own people, we have fine-tuned our Human Resource (HR) strategy, to ensure we are ready to respond to new challenges and opportunities.

As part of efforts to support our overall corporate strategy, which from an HR perspective is aimed at stretching all employee's limits to ensure maximum efficiencies, we recognise that it is necessary to approach talent management differently both internally and externally.

OUR TOTAL WORKFORCE

	Contractor			Permanent			Grand Total		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Non-SA	47	43	28	594	558	548	641	601	576
SA	574	379	505	2866	2505	2599	3440	2884	3104
Total	621	422	533	3460	3063	3147	4081	3485	3680

DEVELOPING OUR TALENT

Our new Talent Management Framework helps ensure that rather than relying by default on the performance culture and resilience of our staff, we set up a formal, deliberate pathway to secure the right people in the right jobs, at the right time.

In 2018, we operationalised a new recruitment philosophy and approach, aimed at improved job applicant experience, quality of recruits and turnaround times. We also further invested in understanding and driving the engagement of our staff and retaining key talent for sustainable business operation.

We have made material progress on the following commitments:

SUCCESSION BENCH STRENGTH

Succession bench strength for all business-critical positions, achieving a ratio of 1:1:2 (a ready successor in the short term and 2 ready in the medium term).

LEADERSHIP DEVELOPMENT AND CULTURE

We have defined our leadership philosophy and our leaders are expected to lead through Passion, Performance and People Centricity. This philosophy and our Cultural Beliefs form the basis of our leadership conversations and trainings.

CAPABILITY DEVELOPMENT

The development approach we adopt formally assesses the capability levels of our people and informs any type of learning interventions to close identified gaps. Through our capability development interventions, we assist employees to reach their full potential and have an increased sense of worth. Through the following vehicles, we aim to develop world-class technical capabilities to operate our facilities and customer engagement:

- o **Operations Academy**

The Operations Academy delivered highly competent Bulk Truck Operators, Depot Operators and Supervisors. This level of competence helped achieve our excellent HSEQ performance in 2018.

- o **Health, Safety, Environment and Quality**

Our HSEQ training programme, in partnership with the PETRONAS Group Safety Office, has delivered highly competent Technical Professionals who have been certified by external bodies. Across our operating facilities we have identified safety critical positions and have selected and trained employees in such position through rigorous processes.

- o **Sales and Marketing Academy**

Customer centricity is key to the delivery of our strategy; hence a competent sales force was a key focus in 2018. It is through the establishment of this academy that we were able to assess the competency levels of our sales workforce and develop their gaps accordingly.

It is also through capability development that we seek to address transformational imperatives. This is why we emphasise investment in the development of previously disadvantaged individuals as depicted by the numbers in the table below.

Breakdown of South African skills development employed beneficiaries from 2016 - 2018

Skills Development	Year	A	C	I	W
Training Beneficiaries	2018	1858	622	457	195
	2017	1271	488	269	227
	2016	1449	647	455	364

BURSARY SCHEME, GRADUATE DEVELOPMENT PROGRAMME AND LEARNERSHIPS

The Engen Bursary Scheme is aimed at students from previously disadvantaged backgrounds, who are studying qualifications that are critical in the Oil and Gas Industry. In 2018, we funded 62 students, with 12 in their final year of study.

This group was exposed to the Engen refinery for their vacation work in December 2018. After establishing formal relationships with two tertiary institutions in South Africa, we are also funding 12 disabled students studying towards STEM qualifications.



Our Graduate Programme is aimed at exceptionally talented but previously disadvantaged young people. In 2018, we offered 23 graduates the opportunity to hone their business acumen and kick-start their careers at Engen. Thanks to the mentorship of some of our dedicated leaders, the graduates spent the year gaining vital experience about the working world.

Our Learnership and Apprenticeship programmes, are designed to respond specifically to the scarce skills identified within our sector, and other vacancies in the business that prove difficult to fill.

The table below provides a breakdown of our skills development of unemployed South African beneficiaries in 2018.

	Males				Females				Grand Total
	A	C	I	W	A	C	I	W	
Engen Bursary Scheme (STEM)	33	1	4	0	21	1	2	0	62
Chemical Operations Level 3	10	0	1	0	4	0	0	0	15
Electrical Apprenticeship	4	0	3	0	3	0	0	0	10
Fitter And Tuner Apprenticeship	6	0	2	0	2	0	0	0	10
Graduate Development Programme	5	1	2	0	13	1	1	0	23
In-Service Trainee	5	0	0	0	2	0	3	0	10
Instrument Apprenticeship	2	2	2	0	3	1	0	0	10
National Certificate Professional Driving NQF 3	24	0	0	0	0	0	0	0	24
Generic management Learnership (PWD)	13	6	0	0	30	8	3	0	60
TOTAL	102	10	14	0	78	11	9	0	224

COLLECTIVE BARGAINING

Maintaining a harmonious relationship with our employees is key for us to achieve our business goals.

Engen employees are encouraged to participate in constructive discussions with management through various consultative engagement structures. We work to ensure these interactions are fair, productive and in line with applicable labour legislation in all the countries in which we operate.

In addition to the consultative structures, our staff are adequately represented on our management committees and medical aid boards.

Furthermore, we recognise our employees' right to freedom of association as well as their right to participate in collective bargaining as per our labour legislation.

In South Africa, Engen participates in collective bargaining processes via the National Petroleum Employers' Association (NPEA), of which we are a member. In other countries, the collective bargaining processes are managed in line with applicable country legislation.

EMPLOYMENT EQUITY

In line with our commitment to contribute to the socioeconomic transformation of South Africa, employment equity is at the heart of the way in which we do business. As such, management responsibility and accountability for this critical area is shared across all sectors of our business. We use divisional performance scorecards, with employment equity as an annual key performance indicator.

The Employment Equity Report 2017/18, submitted to the Labour Department on 15 January 2019, sets out our progress towards equitable representation from 1 August 2017 to 31 July 2018. This marked the fourth year of the implementation of Engen's Five-Year Employment Equity Plan, which runs until 2019.

2018 WORKFORCE PROFILE – SOUTH AFRICA

Occupational Levels	Males				Females				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	1	1	1	2	3		1	1	3		13
Senior Management	28	16	15	17	10	5	4	8	11	1	115
Professionally qualified	192	130	161	87	153	81	43	40	12	4	903
Skilled technical	258	111	104	45	205	83	28	22	1		857
Semi-skilled	521	84	50	11	108	23	8	3	1		809
TOTAL PERMANENT	1000	342	331	162	479	192	84	74	28	5	2697
Temporary employees	14	14	9	10	22	23	13	4	2		111
GRAND TOTAL	1014	356	340	172	501	215	97	78	30	5	2808

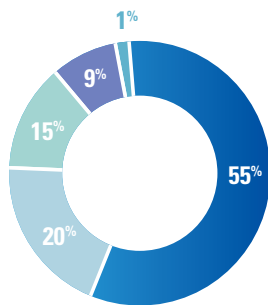


Pictured: (L-R) Culture Manager, Waghied Jacobs; Engen Limited Chairman, Dato' Sri Syed Zainal Abidin Syed Mohamed Tahir; and Tsholo Tiro, Employee Engagement Manager.

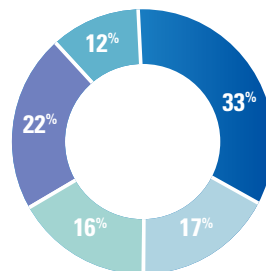
2018 WORKFORCE PROFILE – EMPLOYEES WITH DISABILITIES

Occupational Levels	Males				Females				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	-	1	-	-	-	-	-	-	-	-	1
Senior Management	-	1	-	1	-	-	-	-	-	-	2
Professionally qualified	2	-	2	2	1	2	-	-	-	-	9
Skilled technical	5	5	3	-	5	6	1	1	-	-	26
Semi-skilled	5	5	1	-	18	4	-	-	-	-	33
TOTAL PERMANENT	12	12	6	3	24	12	1	1	-	-	71
Temporary employees	-	-	-	-	-	-	-	-	-	-	
GRAND TOTAL	12	12	6	3	24	12	1	1	-	-	71

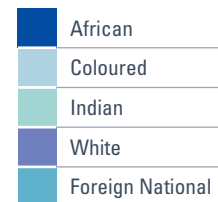
SOUTH AFRICAN WORKFORCE PROFILE BY RACE & NATIONALITY – 31 JULY 2018



SA ALL EMPLOYEES



SA MANAGEMENT



HEALTH

Our organisational health service comprises a wide collection of health-related activities, linking with risk management, legal compliance, human resources and industrial relations; hence our use of the term 'organisational health', as opposed to simply 'occupational health'.

Key objectives of Engen's Organisational Health Services:



Our Organisational Health services reinforce our position as an employer of choice by providing a tangible expression of our care for our employees, thereby attracting the best talent available. The Occupational Health components mitigate our health and safety risks and support legal compliance. The Wellness components encourage healthy living to keep our employees productive whilst enjoying a good quality of life. For those employees who develop health problems, our health services facilitate access to care and actively seek ways to restore our people back to work.

OCCUPATIONAL HEALTH SERVICES

While our main occupational health hazards have historically been chemicals, noise and ergonomics, the demanding and changing world of work plus the demands of personal circumstances places employees under constant pressure, making fatigue and stress significant risks for us to also manage. This has become a focus area for supportive wellness services. More of this is addressed below, under 'Employee Wellness'.

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 the industrial hygiene programme), which are performed by Approved Inspection Authorities. In addition, our health team conducts biological monitoring of exposure to augment air measurements, to provide a comprehensive understanding of exposure.

Our medical testing programme, with its double objectives of fitness to work assurance ('fitness certification') and screening for occupational disease ('medical surveillance'), continued uneventfully. It is worth noting that while we offer all Engen employees 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 voluntary and is aimed at personal health risks (and is part of the Employee Wellbeing Service covered below).

During 2018, 70 cases of incapacity & disability were supported **through their period of absence and restored back to work**

EMPLOYEE WELLNESS SERVICES

Our Wellness Services aim to optimise the general health of our employees. We achieve this through awareness and education, personal health risk identification and control, and supportive/rehabilitative care where necessary.

Controlling chronic disease contributes significantly to our 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.

Employees identified to have a chronic disease are followed up 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 our employees, occupational health staff, line managers, a network of selected service providers, and the Engen Medical Benefit Fund plays an important role in safeguarding our employee health.

As we progressed through difficult business changes of 2017 and 2018, the Wellness Services were supported by Careways, who provided a 24/7 call line, counselling.

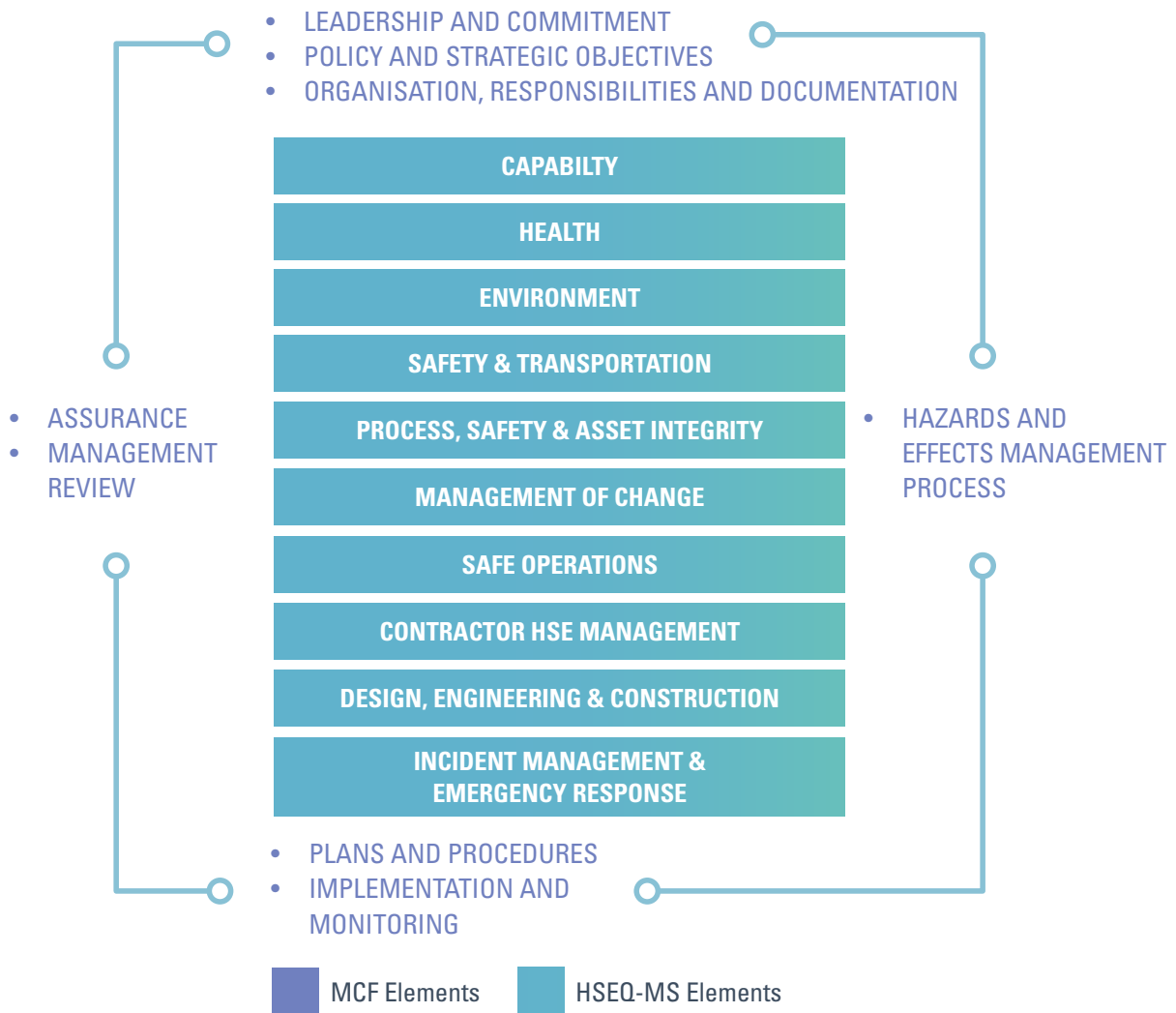
INCAPACITY AND DISABILITY

Our Organisational Health staff play a pivotal role in supporting the HR processes for employees who are unable to work for health reasons, for extended periods. These processes include innovative insurance cover requiring interactions with an outside insurer and line managers, with rigorous case management and optimised return to work. During 2018, 70 cases of incapacity & disability were supported through their period of absence and restored back to work.

Health, Safety and Environment MANAGEMENT SYSTEM (HSE-MS)

We have continued to ensure compliance with the requirements of the HSE-MS via continued self-assessments. The eight elements displayed in the diagram below remain relevant to the HSE Mandatory Control Framework (MCF), having undergone a review by PETRONAS to improve efficacy of the management system. The HSE MCF is embedded in the HSE-MS, and is continually reviewed in light of organisational changes and other significant events.

Enhancement of HSE governance is a focal business area for Engen, being a sub-set of our broader Full Potential project, which is aimed at creating 'New Ways of Working' to improve HSE culture within our organisation.



Our future focus will ensure implementation of the New Ways of Working to automate compliance with the requirements of the HSE-MS.

SAFETY

In 2018, we continued our HSEQ transformation journey and are moving towards a generative HSEQ Culture through a systematic approach to managing behaviour and mind-set. We have put a number of initiatives in place to improve our Safety performance. These span our key focus areas of people and culture, work processes and management systems, land transportation, and contractor management. In the year under review, we implemented actions to improve visible felt leadership across the company and rolled out our Enhanced Behaviour Safety programme. We are also encouraging teamwork across our business to further improve our Safety performance.

LAND TRANSPORTATION AND DISTRIBUTION

In 2017/18 we rolled out our 11-Point plan for Land Transport. This started with training of Engen staff and contractors. PETRONAS also assisted us with “train the trainer” training in Smith’s Defensive driving, which was worked into our driver annual assessments. Furthermore, we rolled out and entrenched a Behavioural Observation System for loading and offloading, with Pre-departure checks to follow in 2019.

We have reviewed our land transport contracts. These have been updated with additional requirements and will be audited.



In 2019, we will continue progress with the 11-Point plan. We will also introduce interventions on further risks identified in the process, including Fatigue and Ergonomics.

CONTRACTOR MANAGEMENT

A new contractor management procedure in line with PETRONAS Technical Standards was rolled out to the business in 2018. A successful Contractor Forum was held during the year, with monthly mini forums commencing from August 2018. These see contractors themselves being trained in our ‘New Ways of Working’ and various safety requirements. We have also improved assessment of contractors prior to appointments and risk assessments, and continue our drive for effective contractor management by contract owners throughout the business.

SAFETY PERFORMANCE

	2014	2015	2016	2017	2018
LTIF (PER 200 000 MAN HOURS)	0.12	0.14	0.28	0.32	0.08
TRR (PER 200 000 MAN HOURS)	0.44	0.50	0.65	0.65	0.34
WORK RELATED FATALITIES	1	0	2	2	0



Protecting the ENVIRONMENT

We rely on natural resources throughout our value chain to produce and distribute refined petroleum products. However, we recognise the need to manage the use of natural resources effectively while still being able to meet the demand of our customers.

As a company, we have made significant investments over the last two decades to reduce our impact across various environmental aspects, including: air quality, waste water, solid waste, soil and groundwater.

We are committed to managing our impacts further.

Our environmental performance is enhanced through consistent monitoring and analysis of our emissions and the updating of associated risks and required mitigations. Furthermore, we also have policies and procedures in place to manage and minimise impacts, and have dedicated resources for environmental management. We also regularly review and improve our procedures.

The PETRONAS Mandatory Control Framework (MCF) remains a critical internal standard for how we conduct our business. MCF ensures the consistent application of systems and processes across our operations, while providing minimum compliance requirements on key environmental elements.

Regulation of environmental issues is stringent in South Africa, and compliance increasingly tighter. We continue to engage with authorities, reporting on our performance and providing input to legislation as part of our stakeholder engagement processes.

We are pleased to report that several of our environmental performance indicators for 2018 have been subjected to a reasonable assurance process. These include our refinery emissions of Sulphur Dioxide (SO₂), Nitrogen Dioxide (NO_x), Refinery Particulate Matter, Engen Scope 1 and 2 Greenhouse Gas Emissions, and Engen Total Energy consumed.

We continue to engage with
authorities, **reporting on our
performance and providing
input to legislation**

SOIL AND GROUNDWATER

Engen manages soil and groundwater through an integrated environmental site assessment, which includes a risk assessment and an Environmental Site Assessment. This risk ranking assessment, PESRRA (PETRONAS Environmental Site Risk Ranking Assessment) is applied for a large number of sites that have similar activities and is followed by mitigation initiatives.

When there is a suspected contamination, Phase I of the Environmental Site Assessment (Phase I ESA) is triggered, which is conducted to determine the possible presence of contamination at site and is usually non-intrusive.

In the event of observed contamination, we trigger a Phase 2 Environmental Site Assessment. This evaluates the chemicals of concern identified in the Phase I ESA. The results from the Phase 2 ESA advises us on the remediation methodology to follow.

ATMOSPHERIC EMISSIONS

We continue our strong focus on atmospheric emission management of all our facilities. Our refinery's key emissions are detailed in the table below. A combination of production rates, the shutdown as well as crude oil diet have an influence on the efficiencies and ultimately the emissions. Notwithstanding, we have maintained our compliance status for atmospheric emissions for all our facilities.

REFINERY AIR EMISSIONS

Atmospheric Emissions (tons per annum)	2014	2015	2016	2017	2018
REFINERY SO ₂	2 240	2 151	2 150	2083.4	2602.30 ^{RA}
REFINERY NO _x	1 044	1 103	1 054	1191.63	952.27 ^{RA}
REFINERY FILTERABLE PARTICULATE MATTER *	217	84	83	90.3	72.90 ^{RA}

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

All Engen sites with listed activities have been issued Air Emissions Licences. We strive to review and update these timeously to maintain legal compliance. The National Atmospheric Emission Inventory System (NAEIS) submission for all of our sites was done within the prescribed timeframes, and passed the audits conducted by the licensing authorities.

All of our facilities with an Atmospheric Emission Licence continue to conduct the Leak Detection and Repair Programme to help reduce fugitive emissions.

WASTE MANAGEMENT

Our refinery is the major source of waste within Engen. It has a comprehensive waste management system in place. The waste that we produce ranges from inorganic to organic waste consisting of spent catalysts, contaminated soil, off-spec product and waste from clean-up operations and shutdowns.

While we continue with our efforts to reduce waste, fluctuations are dependent on projects and shutdown activities where significant amounts of additional waste may be generated. During a shutdown, we take the opportunity to clean out equipment as one of the activities to optimise performance.

We have completed much work into diverting waste from landfill. Our refinery continues to recycle waste, which includes spent caustic as well as high calorific value waste. We have achieved this by collaborating with cement companies in waste treatment solutions as part of co-processing. The technology used destroys waste materials through high temperatures while ensuring a destruction of toxic components. This process preserves non-renewable fossil fuels and natural resources as the energy and mineral value of the waste materials is recovered. In this way, we support a circular economy.

We have redefined the parameters on internal waste reporting systems to reflect these recycling initiatives.

We remain firmly committed to ensuring that we manage our waste from cradle to grave. To this end, the waste disposal facilities that we contract for the disposal of our hazardous waste are audited to ensure that their Health, Safety, Environmental and Quality systems are maintained and all legal requirements are adhered to.

Refinery Waste Management (tonnes)		2013	2014	2015	2016	2017	2018
HAZARDOUS WASTE	Generated	20 349	9 462	5 278	5 081	7 162	20 406
	Recycled	10 242	3 677	1 685	1 155	2 849	16 135
	Disposed	10 107	5 696	3 593	3 925	4 313	4271
NON-HAZARDOUS WASTE	Recycled	10 221	1 778	3 124	1 385	1 193	1194
	Disposed						1037
TOTAL DISPOSED TO LANDFILL		20 328	7 474	6 717	5 310	5 506	5465

WATER MANAGEMENT

We recognise that freshwater availability is a growing concern in South Africa and the African sub-continent and certainly in the areas within which we operate.

Water availability is of critical importance to our business. We understand that in order to sustain our operations we need to adjust our practices and change mind-sets in order to adapt and conserve this finite natural resource.

Over the years, we have initiated efforts to reduce our potable water consumption. Our refinery, as the largest consumer of water within Engen, has implemented several initiatives to reduce its water consumption as well as reliance on potable water. These include optimising borehole water use, onsite re-use of water from one unit to another, as well as optimisation of cooling operations.

Water remains an integral component in our manufacturing process and we therefore continue to look for ways to improve in this area. In addition to saving water, we also focus on managing the risk associated with non-availability of water. As such, risk assessments, emergency response and business recovery plans are continuously reviewed.

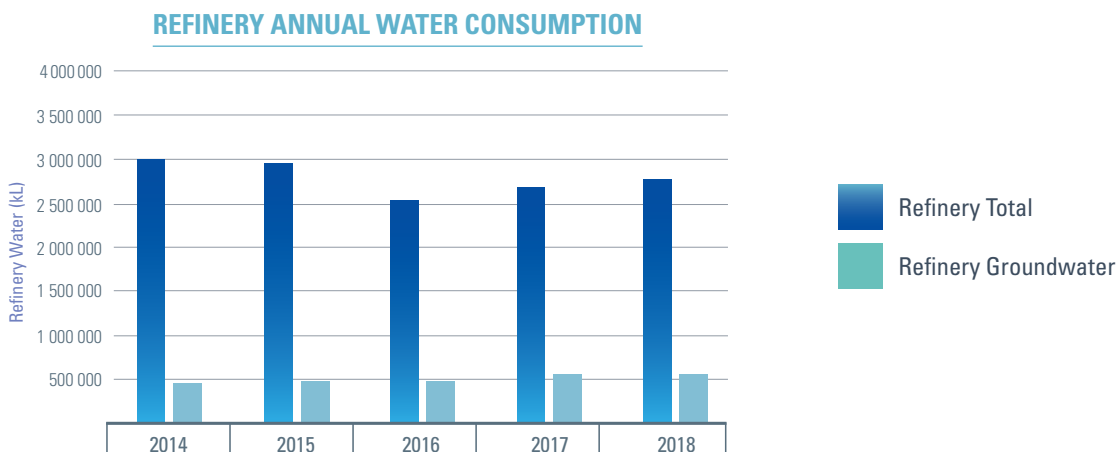
Other sites within our supply chain - such as depots and our lubricant blending plant - have also identified areas for improvement. At our Lubricant Oil Blending Plant in Durban, a 20 000 litre rainwater harvesting tank has been installed for use in ablution facilities and the team has installed infrastructure in 2018 for collection and recycling of condensate.

To counter the severe drought in the Western Cape in 2018, we managed to reduce our water consumption at our Head Office in Cape Town by more than 40%. We achieved this through the installation of water efficient devices on taps and improved metering, as well as through changes in employee behaviour.

In our reported water withdrawal figures below, we have included water consumption at our Durban Terminal and Refinery Island View sites in the refinery water withdrawal volumes.

WASTEWATER MANAGEMENT

In 2018 we installed bioreactors at some of our 1Stop service stations to improve the quality of wastewater discharged. These precast concrete bioreactors are 3 to 4 meters deep. A single unit can treat sewage from approximately 100 people. The treatment plants are built underground – offering security and minimal visual impact. Treatment includes a biological process where micro-organisms, mostly bacteria, digest and absorb the dissolved organic material in the sewage. The treated water from this design is polished through a reed bed before it is discharged.



ENVIRONMENTAL MANAGEMENT SYSTEMS

Our Bunker Terminal in Richards Bay and our Lubricants Oil Blending Plant in Island View; as well as our refinery and Durban Terminal were recertified for the ISO 14001:2015. Internally, we have a PETRONAS Mandatory Control Framework. Our facilities are audited on this requirement and any gaps identified are tracked and closed.

ENERGY MANAGEMENT AND CLIMATE CHANGE

Southern Africa and beyond faces a challenge to transition to low-carbon societies, while our reliance on fossil fuels for our energy needs is still evident. There has been much development in South Africa in terms of policy and regulations with government driving this agenda and engaging with various sectors on the instruments developed for implementation. These include Pollution Prevention Plans and Carbon Tax, the latter expected to come into effect on 1 June 2019.

In 2018, we submitted our first Greenhouse Gas Emissions Report to the Department of Environmental Affairs as required by South African legislation. As an energy focused company, we have regularly engaged with government and have participated in the voluntary carbon budget scheme with the Department of Environmental Affairs.

We have performed well over the years in our CO₂ emissions intensity performance at the refinery and we continue to drive energy efficiency in our operations. Improvements have been made at our Lubricant Oil Blend Plant, where power factor corrections and improved metering is realising energy savings.

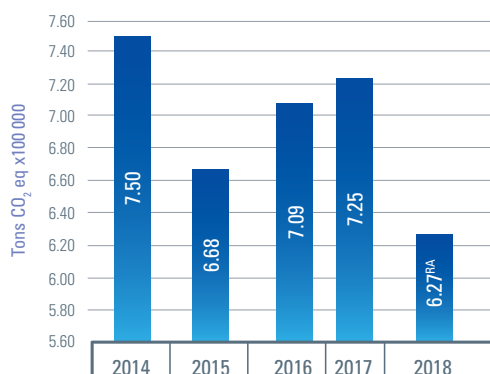
We are also mindful of the need to develop mitigation responses to the effects of climate change on our operations. We recognise that it is important for these risks to be understood and incorporated into our risk management system.

The graphs below present our GHG and Energy performance from owned or controlled sources from all our operations in South Africa only. These emissions have been restated using updated calculations.

Scope 1 emissions represent direct emissions from fuel combustion, flaring and fugitive emissions, while Scope 2 emissions include emissions associated with the purchase of electricity. Our emissions and energy in 2018 decreased mainly due to our refinery maintenance shut down.

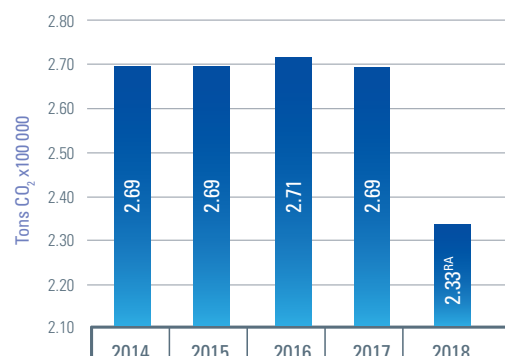
Scope 2 GHG emissions include emissions associated with the purchase of electricity from all our South African sites only. Our 2018 refinery shut down resulted in much lower emissions.

ENERGY SCOPE 1 GHG EMISSIONS



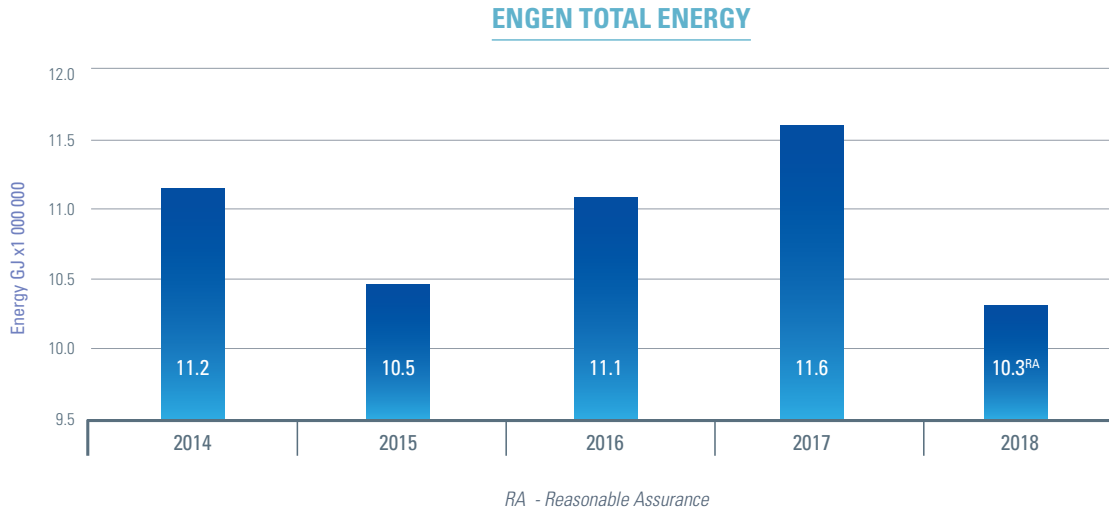
RA - Reasonable Assurance

ENERGY SCOPE 2 GHG EMISSIONS



RA - Reasonable Assurance

Our total energy consumed includes energy from fuel combusted in stationary equipment such as boilers and furnaces, as well as from mobile combustion via our tanker fleet, employee job-need vehicles and from electricity use.



LOSS OF PRIMARY CONTAINMENT AND SPILLS

The Loss of Primary Containment (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 American Petroleum Institute (API) Standard 754.

As reported previously, we saw an increase in spill incidents in 2017 as a result of land transportation incidents. We initiated an intervention programme and continued with it in 2018. A number of actions were completed and many are ongoing. We are pleased to report that in 2018 the number of incidents reduced. Despite this, we are still working closely with PETRONAS on our interventions and have regular engagement on the interventions needed to manage the safety aspects associated with transportation of our products.

	2014	2015	2016	2017	2018
NUMBER OF MAJOR LOPC	7	7	6	14	3
VOLUME MAJOR LOPCS (KL)	257	56.6	43	357	46.8
NUMBER OF MAJOR ENVIRONMENTAL SPILLS	4	4	4	5	1
VOLUME OF MAJOR SPILLS (KL)	17	27.4	41	184	8.82

Social INVESTMENT

Engen prides itself on being a responsible and caring corporate citizen. We remain committed to doing business in ways that are compatible with the economic, social and environmental needs of the communities in which we operate. Our corporate social investment (CSI) strategy rests on four pillars, namely: Education, Health & Safety, Environment and People with Disabilities. We also consider ad hoc requests for worthy causes as they arise.

We conduct our social investments to align with our brand philosophy of “What matters to you, matters to us” and actively seek out public-private partnerships that help strengthen our commitment to identifying real needs and implementing sustainable solutions, all in line with our corporate governance policies.

EDUCATION

ENGEN MATHS AND SCIENCE SCHOOLS

Our flagship Engen Maths and Science Schools (EMSS) programme is delivered annually to 1 670 learners from Grade 10 to 12. In 2018, these learners were sourced from 96 feeder schools.

Our nine EMSS schools offer classes on Saturday mornings at locations in the Western Cape (Cape Town), Eastern Cape (East London, Port Elizabeth and Cala), Gauteng (Johannesburg) and KwaZulu-Natal (Ganges and Fairvale High School, Mangosuthu University and Howard College). The high-quality supplementary learning experience offered includes educational materials. Overall, the EMSS matric class of 2018 attained an impressive 94% pass rate, versus a national average of 76%.

We plan to make improvements to the programme in 2019. These include the further upskilling of teachers, and technology implementation in partnership with Microsoft and Vodacom. This will enable an improved teaching and learning experience. We also plan to expand the EMSS programme to two additional centres in the Free State, an area where we have many mining customers.

We are committed to doing business in ways that are compatible with **the economic, social and environmental needs of the communities in which we operate**



2018 EMSS GRADE 12 RESULTS

Centre	No. wrote	No. of learners who did not write	Bachelor Passes	Diploma Passes	Higher Certificate Passes	Total No. Passed	No. of Supps	Not Achieved	EMSS Centre Pass Rate	Bachelor pass rate
CAPE TOWN	50	0	40	8	1	49	0	1	98%	80%
CALA	60	0	25	12	7	44	10	6	73%	41.6%
EAST LONDON	43	0	28	10	1	39	0	4	88%	65.1%
PE	46	0	25	13	5	43	0	3	93.4%	54.3%
FAIRVALE	39	0	37	2	0	39	0	0	100%	95%
GANGES	45	0	28	9	8	45	0	0	100%	62%
MANTECH	129	0	93	27	6	126	0	3	97.6%	72%
HOWARD	33	0	22	3	0	25	0	8	75.7%	66.6%
GAUTENG	87	0	60	18	7	85	0	2	97.7%	68.9%
	532	0	358	102	35	495	10	27	94%	67%

Another important focus will be our pilot Science, Technology, Engineering and Maths (STEM) project. This joint venture between Engen and the North West Province's Education Department began in January 2018 at three schools, with teacher training and Saturday classes for learners in rural areas interested in pursuing careers in any of the above areas. Expert Maths and Physical Science teachers were allocated to each grade, with an emphasis on hands-on, minds-on teaching and practical work. This, we believe, will empower learners with a better and deeper conceptual understanding of the related subjects. The pilot project operates on three pillars – school support, teacher support, and learner support initiatives. The aim is to roll out to other parts of South Africa in the future.

In 2018, Engen also collaborated with the Nelson Mandela Foundation's SAFE schools programme, which provides sanitary towels to girls in rural areas. This helps prevent girls from missing school during their monthly cycle. Unicef Research has shown that on average

This, we believe, will empower learners with a better and deeper conceptual understanding of the related subjects

these learners miss at least 5 days of schoolwork per month due to female sanitary health issues.

Looking ahead, we will support another SAFE project in 2019. This project is aimed at eradicating pit latrines at schools where a number of deaths caused by this system in the past few years have occurred. We will be collaborating with the Nelson Mandela Foundation and will work closely with schools in rural areas, as identified by Department of Education, to replace the pit toilets with modern sanitation.



SAFETY & HEALTH

DRIVER WELLNESS

Engen Driver Wellness aims to improve occupational health and wellness among long-distance truck drivers by providing free health screening, advice on healthy lifestyle choices and consultations where necessary.

In 2018, Engen Driver Wellness activations ran at 19 locations in five South African provinces during October to coincide with National Transport Month. These saw 1 523 truck drivers undergo health screenings for the following:

- Cholesterol.
- Body Mass Index.
- Blood Pressure.
- Glucose/Diabetes.
- HIV/Sexually-Transmitted Infections.

We plan to improve the programme in 2019 by including a road safety campaign that will be extended to motorists over peak holiday periods in conjunction with the Department of Transport.

PARAFFIN SAFETY

Our ground-breaking Engen KlevaKidz Campaign, to educate rural and township communities about the safe handling and storage of paraffin, was extended to 150 schools in five provinces in 2018, reaching more than 110 000 learners.

Engen KlevaKidz, uses a form of industrial theatre to communicate vital messages to children on how to prevent common paraffin-related accidents and the importance of safe storage. The Department of Education, as part of their safe skills programme, endorses Engen KlevaKidz.

Engen is the overwhelming paraffin market leader in South Africa. The schools chosen for Engen KlevaKidz are located in areas where our paraffin sales are the highest.

PEOPLE WITH DISABILITIES

In 2018, we committed R2 229 500 to the Breede Valley Association for Persons with Disabilities over two-years. The donation is aimed at creating work opportunities and providing life skills to people with disabilities, specifically youth living in the Worcester, Rawsonville and Touws River areas of the Western Cape. Plans for the funding include supporting income-generating opportunities such as programmes in hospitality training, arts and crafts, a recycling plant and a laundromat.

We also collaborated with the Eastern Cape Disability Economic Empowerment Trust for a two-year period to train disabled people for formal employment, self-employment or in entrepreneurial skills. In 2019, the programme will be extended to include the upskilling of Engen forecourt staff and will be linked to a retail incentive programme to benefit the attendants and improve service levels.

In another partnership, with Work4U, we committed R524 000 for bursaries for 10 students with disabilities. This will ensure that they are equipped with the necessary skills to empower them to find work placements through learnerships in various fields once their training is completed.

EMPLOYEE/DEALER OUTREACH

Engen's employees and dealers are actively encouraged to participate in community outreach initiatives in their local communities. In 2018, they got involved in various community outreach projects, which contributed to the upliftment of disadvantaged communities.

Engen employees also supported national fundraising events such as Casual Day (for disabled persons) and National Cancer Month.

Disaster management assistance was provided for fires and drought, through partnership with Gift of the Givers, an NPO which provide disaster relief throughout South Africa where help is urgently needed.



SPONSORSHIP

We continued to play a leading role in sports sponsorship in South Africa in 2018, with our primary focus on soccer and motorsport. The positive brand association contributed significantly to Engen being named the Number 1 Petroleum Brand in the country for a record ninth consecutive year in 2018 in the Sunday Times Top Brands Survey and Sunday Times Generation Next Awards.

FOOTBALL

We continue to sponsor leading professional team SuperSport United. Known affectionately as *Matsatsantsa a Pitori* amongst its supporters,



the club finished the season in 7th place in the Professional Soccer League (PSL).

Our partnership with Supersport United also delivered numerous stakeholder and community engagements in 2018, including another successful Pink Drive breast cancer awareness campaign, and coaching clinics at under privileged schools in



Bloemfontein, Pretoria and Durban. We also donated sports kit and training materials at these schools.

In 2018, we celebrated our 15th year of supporting youth football, with another successful staging of the Engen Knockout Challenge (EKOC), and the Engen Champ of Champs (ECOC).

We are proud of the continued success of the EKOC. The event has grown into arguably South Africa's premier youth football tournament, and continues to give talented young players a platform to display their skills to a broader audience.

Since its inception in 2003, more than 30 000 young aspiring footballers from all walks of life have

participated in the EKOC. Many players have been offered professional contracts after being spotted playing in the EKOC. Some players have even gone on to represent the South African national team.

The 2018 EKOC was played in five provinces in June and July. The regional winners, plus host club Supersport United contested the Engen Champ of Champs in October 2018. Various local and international talent scouts watched the tournament, won by SuperSport United after beating Bidvest Wits on penalties in the final.

The EKOC and Engen Champ of Champs tournaments also assists with the training of match officials and administrators.

SPORTS INDUSTRY AWARDS

In August 2018, we were awarded the “Development Programme of the Year” at the South African Sports Industry Awards for our Engen Knock Out Challenge and Engen Champ of Champs youth soccer programmes. We beat out five other shortlisted programmes in the fiercely contested category.



MOTORSPORT

In 2018 we continued our successful sponsorship of the Engen Xtreme Team, which competes in the Sasol Global Touring Cars (GTC) Africa championship, and the Engen Volkswagen Polo Cup, where we are fuel sponsors, with all competitors racing on Engen Primax Unleaded. Motorsport provides us with a “proof of performance” for our products in a credible environment.

We also leveraged PETRONAS' sponsorship of the Mercedes-AMG PETRONAS Formula One team, which won the F1 Constructor's Championship for the fifth consecutive year in 2018.



Pictured: (L-R) Phumla and Songezo Nayo, owners of Engen Eastlake Convenience Centre in Muizenberg, Cape Town.

Socio-Economic TRANSFORMATION

Black Economic Empowerment is at the core of our operations courtesy of a strategy that is a critical part of our integrated business plan. We view it as both an ethical and strategic business imperative. As such, our socio-economic transformation approach is based on three pillars:

- Legislative compliance.
- Commercial growth and sustainability.
- Social justice.

We operate in line with the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended by Act 46 of 2013 and updated in 2016, and the Liquid Fuels Charter (2000). These laws were passed to facilitate effective socio-economic growth for the South African petroleum industry. They guide our own contribution to this vital social reform.

Taking cognisance of the fact that effective and meaningful transformation requires an immense and focused cultural shift, our Engen Balanced Scorecard incorporates transformation targets that cascade down throughout our business. A spinoff has been more effective planning and execution of each B-BBEE element within our organisation.

We have also put in place internal processes to ensure that B-BBEE gets the relevant and strategic focus necessary to ensure it becomes an inherent part of our culture.

OUR B-BBEE PERFORMANCE

BBBEE ELEMENT	WEIGHTING	2018 PRELIMINARY SCORE
OWNERSHIP	25.00	24.03
MANAGEMENT CONTROL	19.00	13.03
SKILLS DEVELOPMENT	20.00	16.14
PREFERENTIAL PROCUREMENT	25.00	21.39
SUPPLIER DEVELOPMENT	10.00	11.00
ENTERPRISE DEVELOPMENT	5.00	5.0
SOCIO ECONOMIC DEVELOPMENT	5.00	5.00
TOTAL	109	95.59
COMPLIANCE LEVEL		2
RECOGNITION LEVEL		110%



Pictured: (L-R) Lethsego Maele, Khanyo Langa, Robert Owen, Engen Pitch & Polish 2018 finalists.

Our steady progress to sustainable B-BBEE Performance is mainly influenced by our Skills Development programmes, which are aligned to Government policies and national imperatives, as committed to in the National Development Plan, New Growth Path and the Industrial Policy Action Plan.

We understand that South Africa needs a skilled and capable workforce to support inclusive growth, in growing future talent, and contributing to capability development. This is demonstrated by our support of Maths, Science and Technology education, and our focused approach to upskilling our employees for the sustainability of the Petroleum Liquid Sector.

The implementation of Enterprise and Supplier Development initiatives to support small and medium businesses that do business with Engen, is part of our Supply Chain transformation and the nurturing of an entrepreneurial culture. We believe that this is a critical sector in stimulating South Africa's economic growth, which will in turn help create much-needed jobs, and help reduce poverty and inequality.

OTHER KEY INITIATIVES

ENGEN PITCH AND POLISH

Engen believes that entrepreneurship and an entrepreneurial culture are crucial to South Africa's sustainable economic and social development. This is why we were again proud to partner with Raizcorp as the headline sponsor of the 2018 Engen Pitch & Polish.

The objective of the Engen Pitch & Polish is to guide entrepreneurs in polishing their business pitches to attract funding. The value of a good pitch cannot be underestimated and is a necessary skill in multiple settings and environments.

Engen has been the title sponsor of this exceptional initiative for the past nine years. In that time, Engen Pitch and Polish has helped approximately 11 000 entrepreneurs improve the way they pitch their businesses to potential investors.

Every year nine workshops are run across South Africa to teach aspirant and existing entrepreneurs how to, among other things, conceptualise their business plans in terms of finance, marketing, product development, services and compliance. As many as 2 000 people attend annually. With successful regional events held across South Africa, the 2018 programme culminated in a glittering final at The Venue in Melrose Arch, Johannesburg in early November.

Our 2018 finalists were:

1. KHANYO LANGA

Hailing from the East London in the Eastern Cape, Khayo is building a business focused on the manufacturing of mobile trailers and mobile kitchens.

2. ROBERT OWEN

Robert is an environmentalist from Nelspruit in Mpumalanga whose inventory of invasive alien plants, and their subsequent removal, could help South Africa save 1.44 billion of litres of water per annum.

3. LETSHEGO MAELE

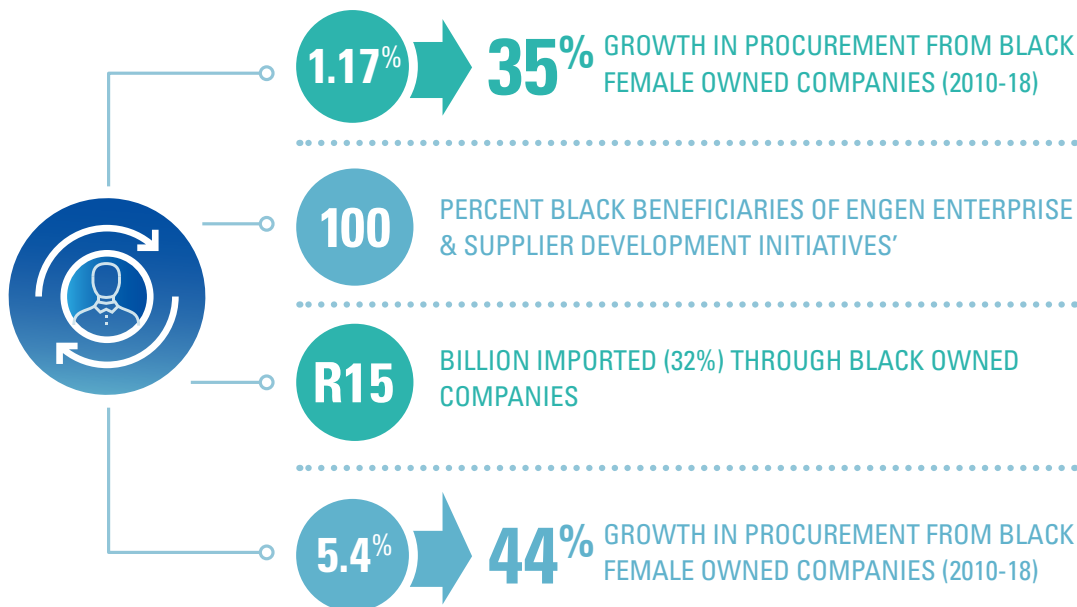
From Bloemfontein in the Free State, Letshego is realising his entrepreneurial ambitions by manufacturing high-end sports clothing.

SUPPLY CHAIN TRANSFORMATION

Engen's procurement performance has shown a growth in business value for black women from 4% in 2011 to 44% in 2018.

To actively pursue supply chain transformation, we entered into a partnership with enterprise development company Edge Growth in a bid to provide financial and business development support to not only our black-owned suppliers, but also to black businesses that could potentially be integrated into our procurement database.

In terms of procurement specifically, Engen has introduced strict criteria that are now a standard from which we never deviate.





ENGEN CONVOY FUND

In 2018, we entrenched our SMME development fund, renaming it "The Engen Convoy Fund." Convoy is Engen's Enterprise and Supplier Development Fund to promote broad-based black economic empowerment (B-BBEE), with the objective of maximising socio-economic development through supporting sustainable supply chain transformation.

The Engen Convoy Fund supports SMMEs (companies with less than R50m turnover) within and outside of our databases. It provides access to finance for both capital and business development needs for entities that are at least 51% black-owned and/or black-female owned. To date, Engen has funded eight businesses, predominantly in manufacturing, tank maintenance engineering, and retail.

RETAIL TRANSFORMATION

Along with supporting emerging entrepreneurs, Engen has also instituted a strong focus on transforming our core business. Our retail network is currently 46% black-owned, 7% of whom are women. This has been achieved thanks to the effective integration of transformation into all our business streams.

**Our retail network is currently
46% black-owned, 7% of
whom are women**



We also value our collaborations with the government and other industry players, an important element of which is our transformation agreement with the National Empowerment Fund (NEF), which was renewed in November 2018. This agreement helped us enhance our transformation efforts, to add a further 28 black-owned retailers. The agreement sees the provision of affordable loans to black entrepreneurs, providing the necessary capital to purchase service stations.

PETROLEUM LIQUID FUELS SECTOR CODE

Engen, as part of the South African Petroleum Industry Association (SAPIA), has along with other major oil companies given its input on the development of the Petroleum Liquid Fuels Sector Code, expected to come into force in 2019. The aim of the code is to align the B-BBEE Codes of Good Practice and the Liquid Fuels Charter, by tackling industry-specific requirements not addressed in terms of generic codes of good practice. At the same time, it also acknowledges the progress that has been made by the oil industry in responding to the need for transformation. While not yet confirmed, the new code proposes increased performance targets that seek to respond to the specific demands of the oil industry.

PROTECTING VALUE THROUGH EFFECTIVE GOVERNANCE

At Engen, our operating ethos is to practice ethical decision-making, and to do business in a safe and environmentally friendly manner. This ensures we comply with relevant legislation, but is also because we firmly believe it is the right thing to do. As such, ethical considerations and our corporate values are at the heart of all our business decisions. The goal of adding value in a balanced way is what drives us, and we pursue our business with honesty, integrity and fairness.

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ENGEN

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 way in which we manage ourselves, our structure, our policies and procedures, along with our cultural beliefs and our views on critical global issues such as human rights and climate change, all play a role in defining our stakeholders' perceptions of us, and how we are able to amplify our value creation process through strong relationships.

At Engen, governance starts with our Board of Directors, constituted in accordance with the King Report on Corporate Governance. The Board ensures that the way in which we conduct our business meets the highest standards applicable to a company of Engen's stature. Our Board is fully committed to the four governance outcomes: ethical culture, good performance, effective control, and legitimacy. By applying these principles, our Board optimises business performance, while maintaining compliance with all relevant regulations.

King IV is not mandatory for non-listed entities, however, we subscribe to the values and principles of good corporate governance as espoused in the King Reports on Corporate Governance.

The Engen LIMITED BOARD

The responsibilities of our Board are outlined in a Board Charter, and 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.

Our Board Charter is reviewed and adopted annually by the Board.

All of our Board committees operate according to Board-approved mandates and terms of reference, which are also reviewed annually to ensure that they remain aligned with best practice.

Our Board Charter and the Board committees' terms of reference were last reviewed and approved by our Board in November 2018.

Our Board undertakes a formal review of its performance, the performance of its committees, as well as that of the Chairman of the Board at least every second year, in line with the requirements of King IV and the Engen Limited Board Charter. The last performance evaluation was conducted in 2018.

All Board members have unrestricted access to company records, information, documents and property, along with access to management at any time. They are also entitled to seek independent professional advice on any matters pertaining to the company, where they deem this necessary.

COMPOSITION

At the end of the financial year, the Engen Limited Board comprised 9 members, including five non-executive directors, three independent non-executive directors, and one executive director. (See page 36-37 for the names and short bios of the Board members)

Our Board is satisfied with the balance of skill, experience, diversity and knowledge represented, having regard to the nature of the company's operations as well as its strategy, which necessitates an intimate knowledge of the business.

One-third of the directors retire by rotation annually, in line with the Memorandum of Incorporation.

The Engen Limited Board is supported by the Company Secretary, who is responsible for the efficient administration of the business, particularly in respect of confirming compliance with statutory and regulatory requirements, and ensuring the implementation of Board decisions. The directors have unlimited access to the advice and services of the Company Secretary.

All of our independent non-executive directors are required to complete an annual independence questionnaire to assess their independent status, a process that is reviewed by our Board. The Board is satisfied that their independence is not impaired.

BOARD COMMITTEES

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

BARCC	REMCO	SEC
<p>MEMBERS</p> <ul style="list-style-type: none"> • Ms. Nosipho Molope (C*) • Mr. David de Beer • Ms. Nombulelo Moholi 	<p>MEMBERS</p> <ul style="list-style-type: none"> • Ms. Nombulelo Moholi (C*) • Ms. Nosipho Molope • Dato' Sri Syed Zainal Abidin 	<p>MEMBERS</p> <ul style="list-style-type: none"> • Mr. Aman Jeawon (C*) • Mr. David de Beer • Ms Chwayita Mareka (GM: HR) • Ms. Shirley Moroka-Mosia (GM: HSEQ) • Mr. Ruslan Islahudin (GM: Corporate Strategy and Communications)
<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"> - Engen group's finances - Integrated reporting - System of financial controls - The governance of risk - Compliance with legal and regulatory requirements - Internal audit function - Effectiveness of the combined assurance plan and outcomes - Reviews all audit findings (internal and external) - Governance of technology and information <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"> - CEO - General Manager: Finance - General Manager: Enterprise Risk and Assurance - Senior Manager: Enterprise Risk and Assurance • 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"> - Ensures that Engen's directors and executives are remunerated fairly and responsibly and that their remuneration is aligned with shareholders' interests - Ensures that Engen's remuneration strategies and policies are designed to attract, motivate and retain quality employees, directors and senior management, committed to achieving the overall goals of the company - Makes recommendations to the Board and shareholders for their consideration and final approval regarding remuneration strategy and policy - Benchmarks Engen's remuneration against competitor companies - Ensures that Engen's leadership is representative of all race groups and is in accordance with the spirit and targets set out in the Department of Trade and Industry's (DTI) Codes of Good Practice - Ensures that the appointment of Engen's directors is transparent and governed by the formal procedures set out in the committee's terms of reference and Board Charter <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 Resources are standing invitees to any committee meetings, but have no vote. 	<p>MEETINGS</p> <ul style="list-style-type: none"> • Minimum of 3 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"> - Embedding a culture of ethical behaviour in Engen organisational ethics - Activities with regard to any relevant legislation or codes of best practice - Good corporate citizenship - Performance in terms of the environment, health and public safety, including the impact of our activities on our products and services - Consumer relations - Promotion of equality, prevention of unfair discrimination, reduction of corruption, transformation policies and strategies and social responsibility policies and strategies <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"> - An independent non-executive director - General Manager: HSEQ - General Manager: Corporate Strategy and Communications - General Manager: Human Resources

* Chairperson



Internal AUDIT

The internal audit function, which forms part of our Enterprise Risk and Assurance division, is an independent pillar through which the company seeks to strengthen governance and make necessary incremental improvements. Internal Audit goes beyond what is typically addressed by external audit.

It includes critical issues such as the impact of our organisation in respect of social capital (reputation and brand strength), human capital (organisational culture) and natural capital (environmental impacts and liabilities).

Our Enterprise Risk and Assurance division reports functionally to the Engen Limited Board through the Board Audit Risk and Compliance Committee (BARCC). The annual audit, budget, adequacy of resources and competencies are reviewed and approved by the BARCC. Any critical issues identified during this process can be referred to the BARCC and the Engen Board.

INFORMATION TECHNOLOGY AUDIT

Information Technology Audit reports are presented quarterly to the Management Assurance Risk Compliance Committee (MARCC) and the BARCC. Our annual review of cyber security is included in the audit plan.

Internal Audit views the risk associated with cyber-attacks as a priority area and, as such, 2018 saw further significant investment in cyber security prevention and protection. Regular communication to staff on the issue also ensured raised awareness.

To strengthen cyber security controls across the group, we engaged the services of third parties to support Internal Audit to perform cyber security and vulnerability assessments at our refinery in Durban, and at our Cape Town corporate headquarters. The results were reported to the Management Assurance Risk Compliance Committee and BARCC.

STATEMENT OF INTERNAL CONTROL

The Audit Committee must ensure the integrity of integrated reporting and internal financial controls, while the Engen Limited Board also continually reviews the efficacy, adequacy and integrity of this control environment.

Our internal controls system currently in place is designed to identify and categorise risk according to its potential impact on our ability to create and maintain value. Integrated into this system is the response of the business to risk. Our system proactively manages and responds to our key risks, so ensuring business sustainability.

The system can however 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 in the event of unavoidable significant events. We are also engaged in continuous efforts to improve our control system via integration of information technology and modern tools.



Compliance

2018 HIGHLIGHTS

- Roll-out of the revised **Competition Law Policy, Competition Law Manual and the implementation of the Competition Law Dawn Raid Procedure Guide.**
- Adoption by the Engen Limited Board of the **PETRONAS® Corporate Privacy Policy as well as the PETRONAS® Master Guidelines to the PETRONAS® Corporate Privacy Policy.**

We consistently assess our internal processes in collaboration with various stakeholders within the organisation on the basis of a risk based methodology. This facilitates compliance with applicable laws and regulations of the countries in which we operate.

The PETRONAS Code of Conduct and Business Ethics, as well as the PETRONAS Anti-Bribery and Corruption Manual provide our employees, dealers and other stakeholders with a guide on how they are expected to conduct themselves. The PETRONAS Anti-Bribery and Corruption Manual also enshrines Engen's "No Gift" stance. Furthermore, our Whistle Blower Policy ensures that all parties have the freedom to highlight irregular practices through specific processes enshrined in the policy as well as through our independently managed Ethics Line.

ONLINE TRAINING

In 2018 we rolled-out compulsory online training for:

- Anti-Bribery and Corruption, Sanctions and Export Control training; and
- Competition Law training.

The training was rolled out across the organisation, spanning South Africa and the international affiliates in English, French and Portuguese.

The training material ensured that the principles contained in the respective policies and laws governing both subject matters were embedded in the organisation and that our employees gained a practical understanding of the above policies. Each Engen employee that concluded the training was also required to execute a compliance declaration affirming their commitment to the respective principles.

PROTECTION OF PERSONAL INFORMATION ACT (POPIA)

We continued with the roll-out of our POPIA compliance framework, pending a commencement date for POPIA from the South African government.

The implementation of the POPIA compliance framework will assist us with our ongoing implementation of data privacy related safeguards. These safeguards include training given to affected business divisions and the organisation as a whole, focus on management of data and on-going support to various departments as policies and tools are implemented that impact data management.

The Engen Limited Board also adopted the PETRONAS Corporate Privacy Policy as well as the PETRONAS Master Guidelines to the PETRONAS Corporate Privacy Policy. The Policy and Guidelines are a defining and authoritative set of documents that signify our commitment to privacy and personal data protection.

To support the roll-out of the policy and guidelines, a Data Privacy Awareness Training Video was aired throughout our organisation. This was aimed at helping Engen employees gain a better understand of data privacy in general including the principles contained in POPIA and the policy and guidelines.



IT COMPLIANCE FRAMEWORK

Information Technology risks have increased significantly, with many IT-related breaches recorded over the past few years. As our business grows and expands, and our reliance on technology increases, it has become crucial for us to ensure we are cognisant of the regulatory framework that affects IT-related activities.

To this end, we developed an IT legislative framework in 2018 as part of and an alignment with the business modernisation process contemplated in our growth strategy. This framework will serve as a backstop as we accelerated our move into the digital space. It also equips Engen employees with practical steps on how to comply with IT related laws. Furthermore, the framework will also allow us to monitor high-risk legislative responsibilities, and ensure compliance with cyber security and data protection laws.

ECONOMICS SANCTION REVIEW

Engen adopted the PETRONAS Economic Sanctions and Exchange Control Policy in November 2017. Engen sees value in complying with the relevant international sanctions and exchange control regulations in the jurisdictions in which we operate in order to identify, mitigate and manage potential risk exposure. In 2018, we implemented the first leg of our mitigation strategy involving a comprehensive review of our existing customer and vendor database. The next phase involves the continuous monitoring of our customer and vendor database with the ultimate goal and final phase of ensuring the proactive management and avoidance of sanctions related risks. Plans are underway to implement KYC (know-your-client) and screening activities at on boarding of third parties as well as continuation of periodic reviews of our existing

database to ensure full compliance with the Economic Sanctions and Exchange Control Policy.

COMBINED ASSURANCE

We have adopted a combined assurance model across all of our business divisions. Our continued contribution has been the implementation of a risk based compliance audit plan, and the conducting of regulatory compliance audits.

Among other factors, our audits have focused on:

- Adequacy of controls;
- Compliance status;
- Supporting documentation; and
- Corrective actions.

Ultimately, these audits offer management the comfort of knowing the compliance reports they receive are reliable.

Compliance controls for high risk legislation have been implemented across Engen owned Depots and operational sites to aid consistent compliance tracking across these sites.

ISO 9001

All Engen listed facilities successfully underwent a transition process to migrate from ISO 9001:2008 to ISO 9001:2015. All sites are now certified to the new ISO 9001:2015 standard.

This was confirmed through extensive audits and interviews aimed at determining our conformity to the new standard, which now includes more emphasis on interested parties, risks and opportunities, strategic development, leadership and communication.

ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Engen applies the standard to demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements.

GRI Content INDEX

This report has been compiled and 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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Environmental PERFORMANCE CRITERIA

Item	Boundary	Definition
Engen Scope 1 Direct GHG emissions	All applicable Engen sources excluding International Business Division (IBD)	Greenhouse emissions expressed as Carbon Dioxide equivalent (CO ₂ e) that occur from sources that are owned or controlled by Engen excluding emissions from the International Business Division, for example, emissions from combustion in owned or controlled boilers, furnaces, fleet vehicles, etc., flaring and fugitive emissions
Engen Scope 2 indirect GHG emissions	All applicable Engen sources excluding IBD	Total CO ₂ emissions associated with purchased electricity consumed by the company excluding International Business Division.
Engen energy usage	All applicable Engen sources excluding IBD	The sum of energy consumed by Engen and includes: Direct energy: Amount of primary energy consumed e.g. from combustion of refinery gas and coke, and energy from fleet vehicles. Indirect energy: Energy from purchased electricity
Refinery SO₂	Refinery	Sulphur Dioxide emissions to air from refinery combustion (boilers and furnaces) and relevant processes as well as flaring.
Refinery NO_x	Refinery	Emissions of oxides of Nitrogen from combustion, relevant processes and flaring
Refinery total particulates	Refinery	Particulate matter emissions to air from combustion, relevant process emissions and flaring.
Refinery water withdrawn	Refinery including Wentworth Depot and Island View sites	The sum of all fresh water drawn into the boundary from the following sources: a) Groundwater b) Municipal supply

Assurance REPORT

INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION IN ENGEN PETROLEUM LIMITED'S INTEGRATED REPORT

TO THE DIRECTORS OF ENGEN PETROLEUM LIMITED

We have undertaken a *reasonable* assurance engagement in respect of the selected sustainability information, as described below, and presented in the 2018 Integrated Report of Engen Petroleum Limited (the 'Company', "Engen" or "you") for the year ended 31 December 2018 (the Report). This engagement

was conducted by a multidisciplinary team including *environmental and assurance* specialists with relevant experience in sustainability reporting

SUBJECT MATTER

We have been engaged to provide a reasonable assurance opinion in our report on the following selected sustainability information, marked with a 'RA' on the relevant pages in the Report. The selected sustainability information described below have been prepared in accordance with the Company's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying Company reporting criteria).

Selected Sustainability Information	Unit of measurement	Boundary	Page
Engen scope 1 Direct GHG emissions	10 ⁵ tonnes CO ₂ e	All applicable Engen sources excluding International Business Division (IBD)	79
Engen scope 2 Indirect GHG emissions	10 ⁵ tonnes CO ₂ e	All applicable Engen sources excluding IBD	79
Engen energy usage	GJ	All applicable Engen sources excluding IBD	80
Refinery Sulphur Dioxide (SO ₂) emissions	tonne	All applicable Engen sources excluding IBD	76
Refinery Nitrogen oxides (NO _x) emissions	tonne	All applicable Engen sources excluding IBD	76
Refinery total particulates	tonne	All applicable Engen sources excluding IBD	76

We refer to this information as the “selected sustainability information”.

YOUR RESPONSIBILITIES

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out on page 102 of the Report (the “Reporting Criteria”).

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the Report users.

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability.

Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* and the *International Ethics Standards Board for Accountants’ International Code of Ethics for Professional*

Accountants (including International Independence Standards) respectively.

OUR RESPONSIBILITY

Our responsibility is to express a reasonable assurance opinion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)), [and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements* (ISAE 3410)], issued by the International Auditing and Assurance Standards Board. [That Standard requires / These Standards require] that we plan and perform our engagement to obtain reasonable assurance about whether the selected sustainability information are free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) [,and ISAE 3410,] involves performing procedures to obtain evidence about the measurement of the selected sustainability information and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected sustainability information, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to the Company's preparation of the selected sustainability information. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by the Company;
- Assessing the suitability in the circumstances of the Company's use of the applicable reporting criteria as a basis for preparing the selected sustainability information; and
- Evaluating the overall presentation of the selected sustainability performance information.

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

REASONABLE ASSURANCE OPINION

In our opinion and subject to the inherent limitations outlined elsewhere in this report, the selected sustainability information as set out in the Subject Matter paragraph above for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the reporting criteria.

OTHER MATTER(S)

No assurance procedures were performed on the previous Integrated Report. The information relating to the prior reporting periods has not been subject to assurance procedures.

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

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.



PricewaterhouseCoopers Inc.

Director: Jayne Mammatt
Registered Auditor
4 Lisbon Lane,
Waterfall City,
Jukskei View,
2090

[24 July 2019]

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