



With us you are Number One

ENGEN



2017

INTEGRATED REPORT



Our Vision

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

Our Core Business

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



ENGEN

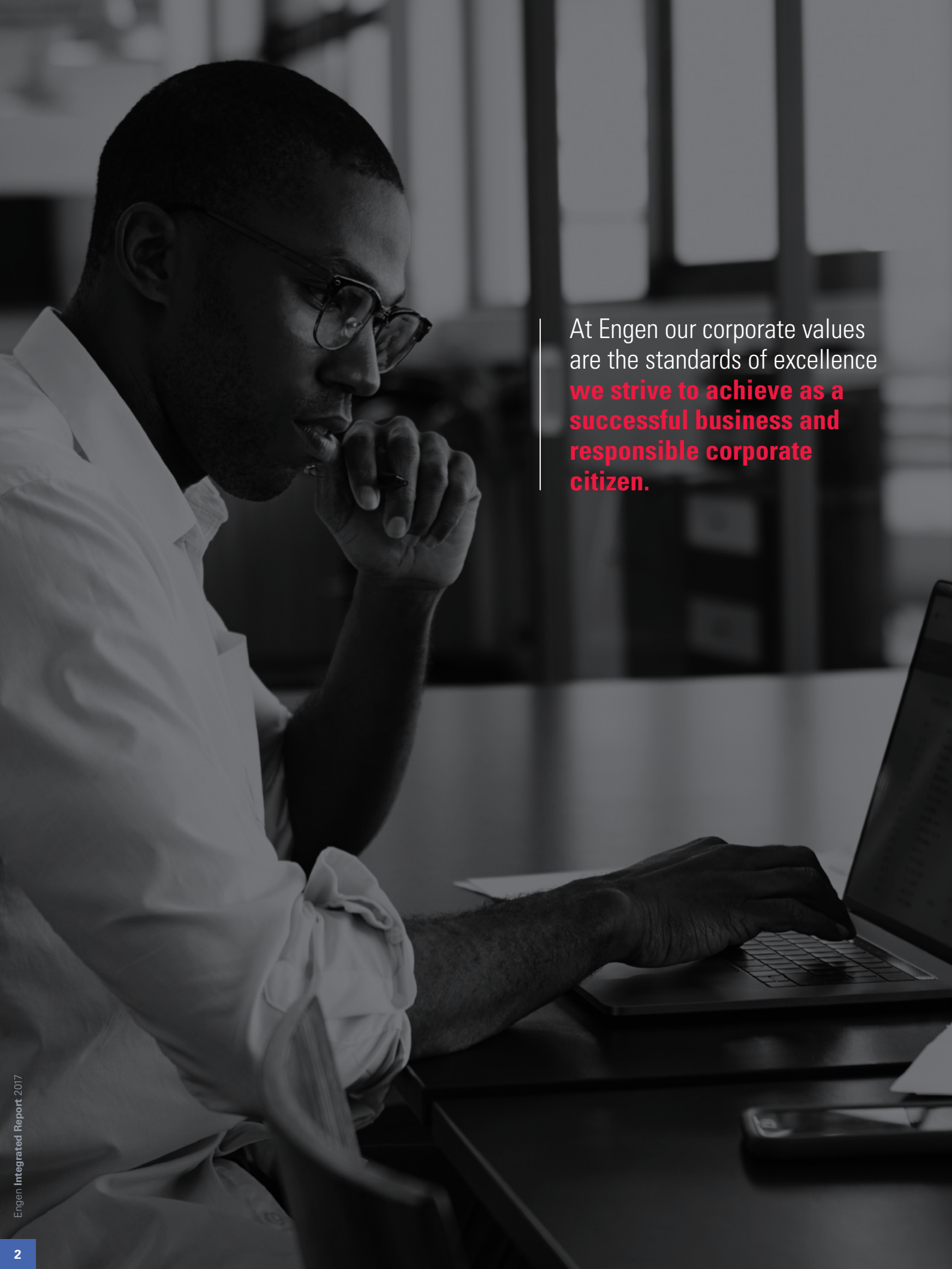
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WIMPY



ATM



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

Who We Are

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

With a history stretching back to 1881, we have grown our business from our roots in South Africa by leveraging the expertise of our employees to include manufacturing plants, distribution networks and retail service stations in 17 countries in sub-Saharan Africa and the Indian Ocean Islands. We also export our products to more than 30 other territories.

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

Our Values

The values driving our actions are:



INTEGRITY

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



PERFORMANCE

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



TEAMWORK

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



OWNERSHIP

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



EMPOWERED

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

2017

INTEGRATED REPORT

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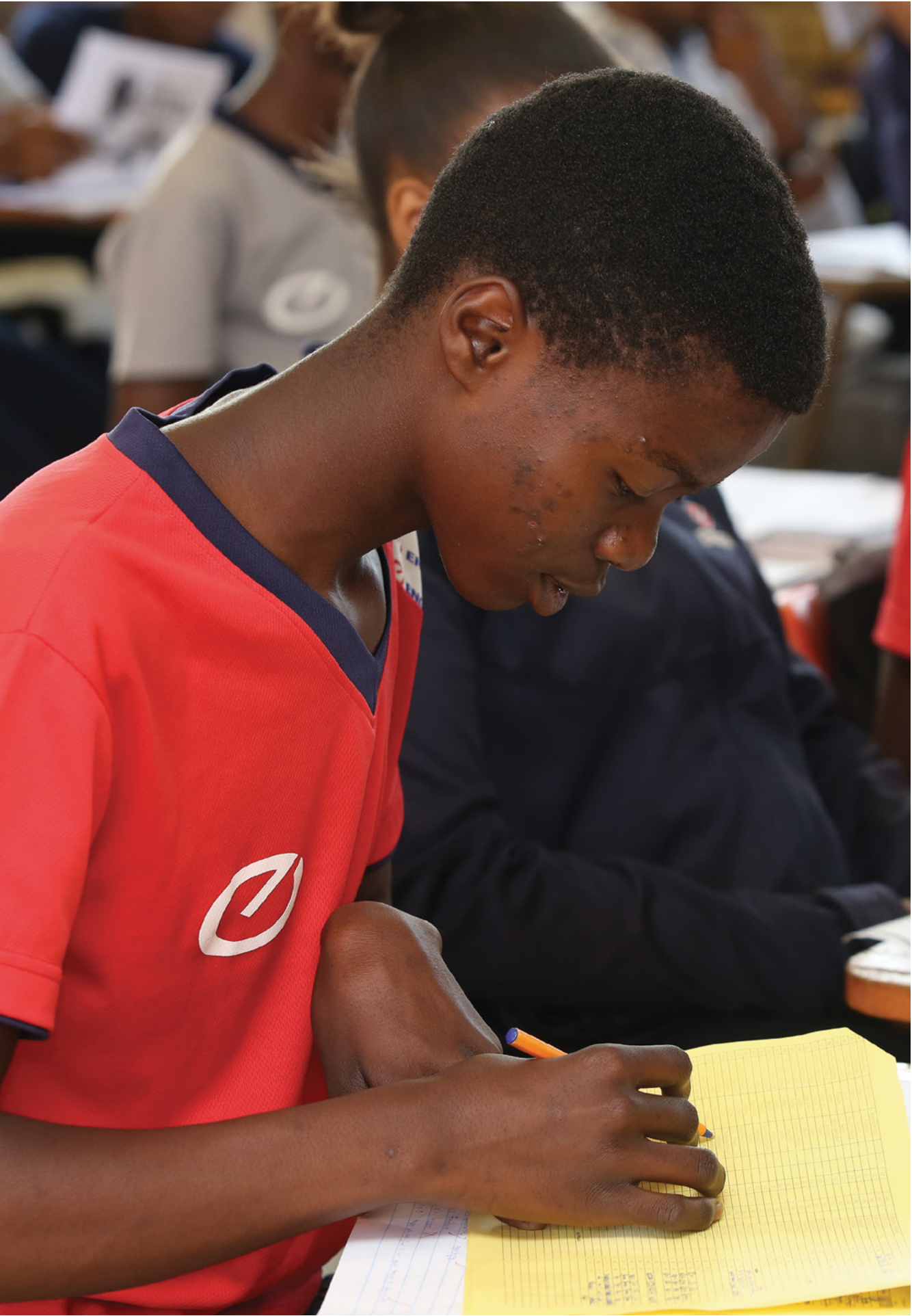


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$$\frac{4(x-1)}{3(x-1)^2}$$





About This Report

Our 2017 Integrated Report provides a concise review of Engen's business model, risks and opportunities, **as well as operational and governance performance for the financial year 1 January to 31 December 2017.**

Thank you for reading Engen Limited's Integrated Report for the year ended 31 December 2017. 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 2017 Integrated Report provides a concise review of Engen's business model, risks and opportunities, as well as operational and governance performance for the financial year 1 January to 31 December 2017. In addition, we also offer relevant historical information in order to contextualise the key issues discussed.

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

The activities of Engen Limited, and 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 sourcing of crude and finished product; inbound logistics to local storage; processing and refinement 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 2017.

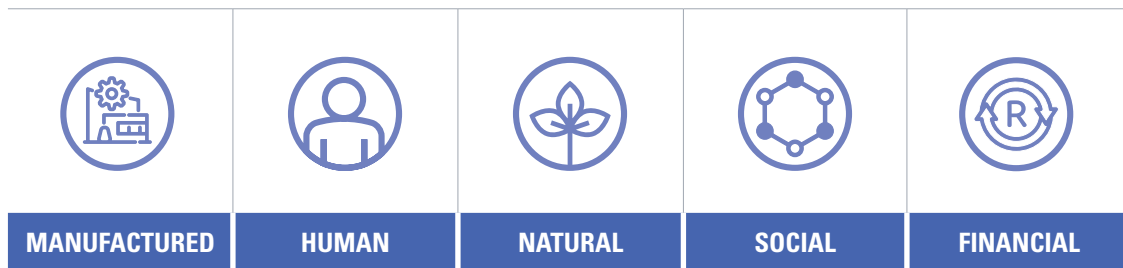
While the financial and non-financial data from our subsidiaries are fully consolidated, the B-BBEE assessment, along with our employment equity statistics, exclude all non-South African operations.

Materiality: Assessing Engen's Value Creation

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

Regulatory requirements and guidelines, and our 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 impacting the company's ability to create value over time were considered material.

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



The Six Capitals: An Integrated Approach

Integrated thinking is intrinsic to how we manage our business, and to our internal strategy and reporting practices. Engen's impact on, and contributions to five of the six capitals of value creation described in the International Integrated Reporting <IR> Framework are addressed in an integrated manner throughout this report. Intellectual Capital is not covered. This is because we do not own applicable patents, licensing or research and

development capability to report effectively.

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

Combined Assurance

We use a combined assurance model to provide 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 2017 and 2016 of the Statement of Profit and Loss and Statement of Financial Position are set out on page 110. The B-BBEE scorecard information was verified independently by AQRate.

Board Approval

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

Engen External Communications Manager,

Engen Court, Thibault Square. Cape Town, 8001,

PO Box 35, Cape Town, 8000

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Tel: +27 21 403 4312



Our Business Environment

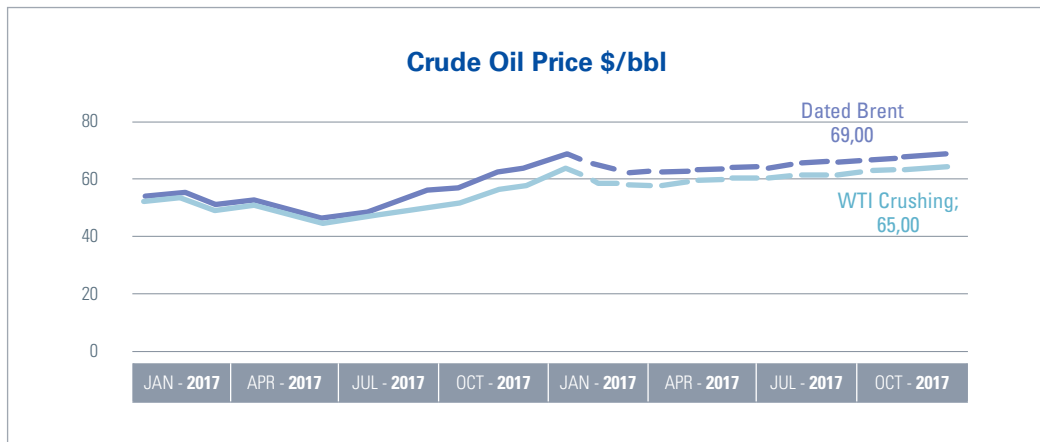
Global Environment

Economic activity is one of the key drivers of oil and gas demand. According to the International Monetary Fund (IMF), global economic activity was estimated to grow at 3.7% for 2017, its highest point since 2007. This upswing was broad-based, with notable upside surprises in Europe and Asia. With growth momentum this strong, there is a high probability that the current global expansion will continue through 2018, and into 2019. Despite this optimistic picture, there continues to be a concern that Brexit might have a negative impact on global markets over the next 12 months. The IMF estimates global growth for 2018 and 2019 to rise at 3.9%.

With growth momentum strong, there is a high probability that the current global expansion will continue through 2018, and into 2019.

Crude Oil

Crude prices strengthened with Dated Brent achieving an average of around US\$55/bbl for 2017. This was more than US\$10/bbl stronger than the average in 2016. Prices were supported by extended production cuts by OPEC and Russia that were well adhered to. Both the US Energy Information Administration (EIA) and S&P Global forecast that Brent spot prices will average about \$62/bbl in both 2018 and 2019, while West Texas Intermediate (WTI) crude oil prices will average \$4/bbl lower than Brent prices for the same period.



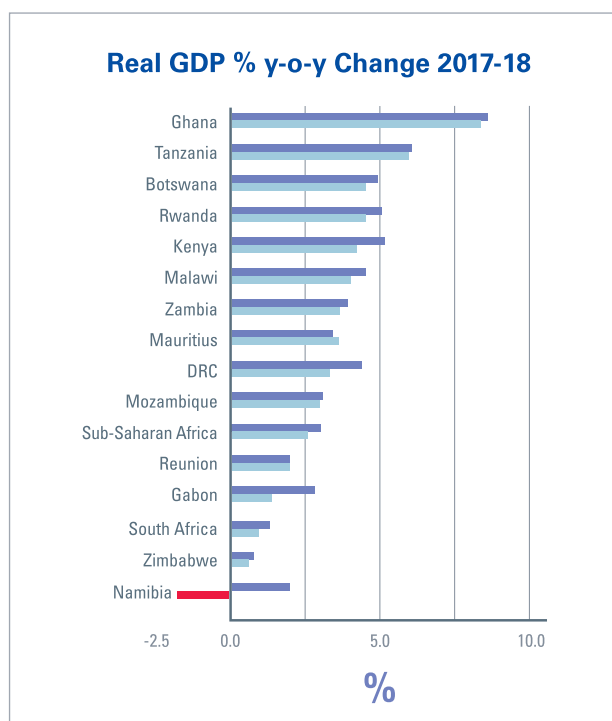
S&P Global Platts

Consumption of oil products increased in 2017, with global demand up by 1.4 million bpd. Demand was supported by strong industrial growth and increased employment in the US and Europe.

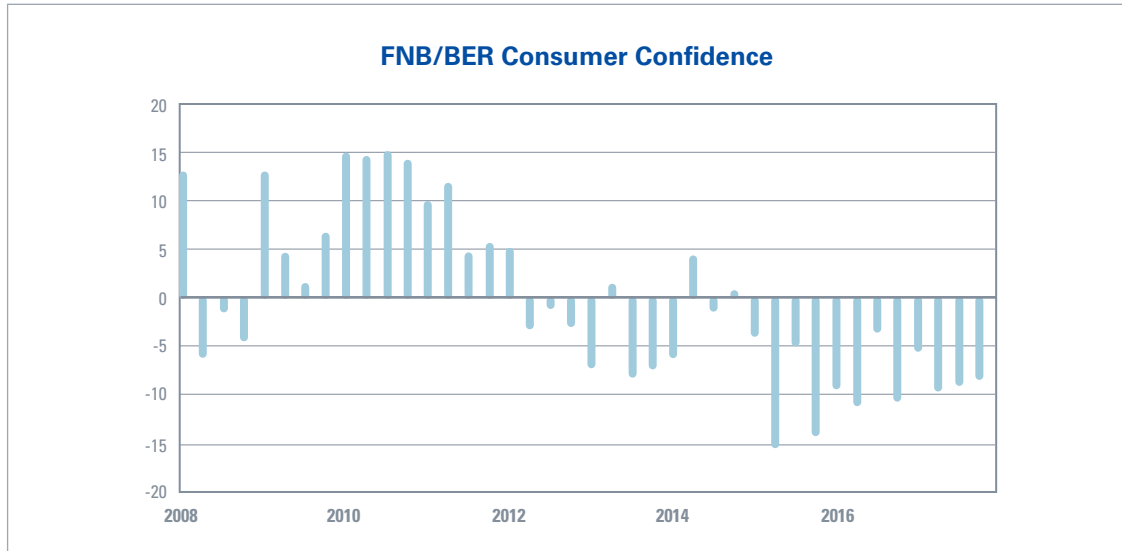
Sub-Saharan Africa

The Sub-Saharan Africa (SSA) region experienced a modest recovery in 2017, with regional GDP growth increasing to 2.5%, from 1.3% in 2016. However, the region's oil-dependent economies struggled with low oil and commodity prices during 2017. Prospects in other non-oil commodity dependent economies were somewhat brighter. Favourable rainfall led to better harvests and agricultural output, while strengthening demand for diamonds, copper and other non-ferrous and ferrous metals bolstered the mining sector, lending support to overall economic growth in countries such as Botswana, Namibia, Niger, Mali, Malawi, Tanzania and Zambia.

The South African economy has struggled to gain any momentum since the global financial market crisis. Despite the relatively positive global economic environment now, the average growth over the past nine years was a mere 1.5%. This underperformance is reflected in rising levels of unemployment, increasing tax revenue shortfalls, depressed levels of consumer and business confidence, and a protracted fixed investment recession in the private sector.

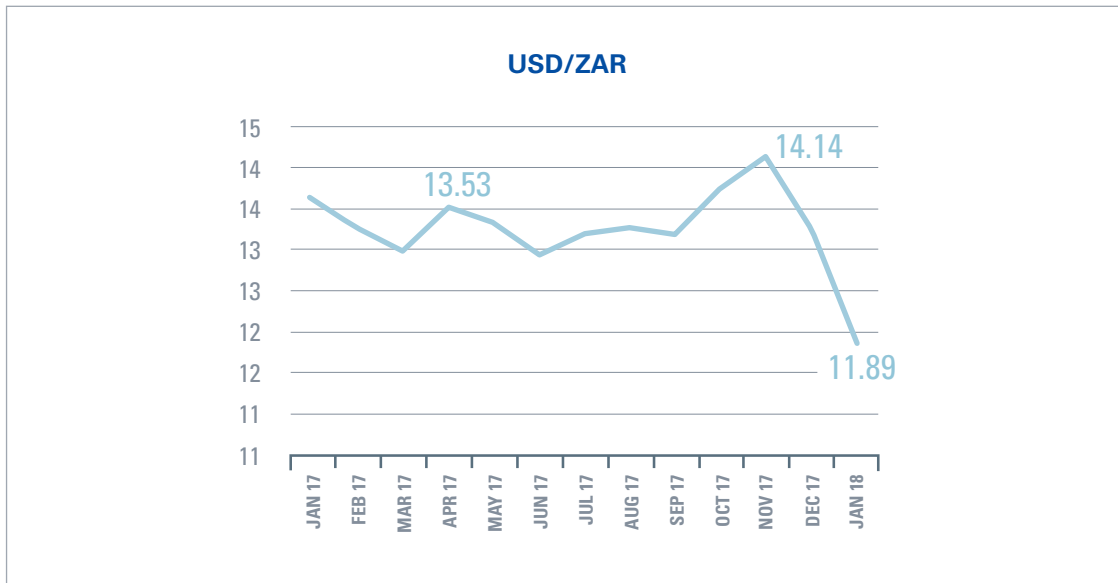


Source: IHS Markit



Continued political and regulatory uncertainty weighed heavily on the performance of our local currency. The Rand depreciated to R13.36/USD following the dismissal of Finance Minister, Mr. Pravin Gordhan in March 2017, and the global credit rating agencies' downgrade to junk status of South Africa's credit rating. However, in December the currency bounced back and appreciated 4.8% against the US dollar following a change in leadership of the ruling party, the African National Congress.

... in December the currency bounced back and appreciated 4.8% against the US dollar **following a change in leadership of the ruling party, the African National Congress.**



Source: Standard Bank

Business confidence in South Africa’s regulatory framework was further eroded following the gazetting of a Reviewed Mining Charter (RMC) in June 2017. A major objection by the Chamber of Mines was the cancellation of mining rights should companies fail to maintain 100% scores on Black ownership, skills development, and community upliftment for 30 years or more. At its peak in 1987, mining employed nearly 800 000 people. Today, it employs fewer than 500 000, and this number is likely to continue declining as that industry feels the squeeze of a difficult operating environment.

On September 13, 2017, the Minister of Trade and Industry issued a Proclamation publicising the intention of the Department of Energy and the Petroleum and Liquid Fuels Industry to align the Broad-Based Black Economic Empowerment (B-BBEE) Petroleum and Liquid Fuels Sector Transformation Charter with the B-BBEE Act, the B-BBEE Revised Codes of Good Practice, and the B-BBEE Policy Framework, to ultimately serve as a Sector Specific Code of Good Practice. A second draft of the Petroleum Liquid Fuels Sector Code (PLFSC) will be issued during the first quarter of 2018 for comment.

On 3 January 2018, the Competition Commission recommended to the Competition Tribunal that the application for the sale of Chevron’s South African (CSA) assets be approved, with conditions. One prospective buyer has committed to spending R6 billion on upgrades to the Cape Town Refinery over a five-year period. A final decision regarding the sale of CSA’s assets is expected by mid-2018.

Looking Ahead

Following Jacob Zuma’s resignation as State President on February 14, 2018, and the subsequent election of Cyril Ramaphosa as President of South Africa, economists are cautiously optimistic about improved economic conditions for 2018. The South African Reserve Bank expects the local economy to expand by 1.4% in 2018, and 1.9% in 2019.

Understanding How We Create Value

Our 2017 Engen Limited Integrated Report is aimed at providing our stakeholders with all the essential information necessary to allow them to effectively and efficiently appraise our capacity to generate value, as a company, year on year. To achieve this, we have intentionally structured this report to do the following:

- Provide a strategic and operational summary courtesy of our Chairman's Statement and CEO's Report.
- Explain who we are and how our business functions, as well as reflect on activities and impacts across our value chain.
- Categorise the material issues that impact value creation in terms of our operating environment, the interests of our key stakeholders, and the identified priority risks we face as a company.
- Outline our value creation and other key financial indicators.
- Review our leadership team and governance practices.





Engen in Numbers

74%
PETRONAS
shareholding in
Engen

26%
Phembani & Phembani-led
consortium shareholding in Engen

 **100%**
50ppm diesel
production capacity

 **1 500**
Service Stations

320 000 litres
Lubes produced on a single shift

 **120 000 bpd**
Refining Capacity

805
Quickshops

 **9 524m**
Litres of fuel sold

R35m
Social Investment


Turnover
R70bn

3 500
Employees 

 **2** MARINE TANKERS
(50% ownership)

49 
Ships chartered
for product imports

ISO 9001
Quality Management
Certified (Refinery)

ISO 14001
Environmental Management
Certified (Refinery) 

South Africa in Numbers



6 959m
Litres of fuel sold

150



Delivery Vehicles



24 STORAGE
DEPOTS

141 763

Product deliveries

49
1Stop

220
1Plus

137m



Customer visits to forecourts

72

*Woolworths
Foodstop*

450
Corner Bakery




3 217

Truck Drivers health tested



Transformation in Numbers

46% 
Black-owned Service Stations

4% 
Black-Female owned Service Stations

11bn
Crude oil imported
(30%) through
Black suppliers



53% ESD Beneficiaries
are Black-Female owned businesses

44%
Total procurement from
Black-owned companies



31% Total procurement from
Black-Women owned
companies

54%
Black Executive
Management

38%
Female Executive
Management

20%
Black-Female
Board Members

40%
Black Board
Members



2017 Performance Highlights



Refinery

- **99.6%** Mechanical reliability.
- **99.7%** Overall Equipment Effectiveness.
- **16 Months** between outages.
- **2 Days** Alkylation Unit turnaround completed ahead of schedule.
- Full Diesel 50ppm production capability



Transformation & Social Investment

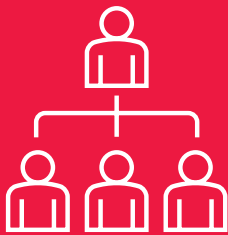
- **R253 million** invested in Transformation Programmes.
- **94%** Engen Maths & Science School matric pass rate.
- **3 217** Customer truck drivers health tested.
- **53 000** Learners received paraffin safety training.



B-BBEE

- **2** B-BBEE level rating.
- **46%** Black-owned retail sites.
- **44%** Total procurement from Black-owned companies.
- **R11 Billion** crude oil imported (30%) through Black suppliers.

Against an ongoing challenging business landscape, **Engen continued to demonstrate an ability to maintain a steady growth momentum, increasing our earnings year on year.**



People & Skills Development

- **80%** staff underwent professional development training.
- **20** Graduate Development Programme alumni awarded permanent employment.
- **103** Unemployed persons received learnership training.
- **5.7%** Increase in Black management since 2014.
- **2%** Persons with disabilities employed in South Africa.



Operations

- **2** New tanks added at Rustenburg.
- Expansion of Pretoria and Witbank Pipeline Terminals.
- Long-term agreement with Burgan Cape Terminals in Cape Town.
- New Multi-Product Pipeline feeder pipelines at Island View in Durban commissioned.
- **141 763** Fuel deliveries.



Retail *(SA, Swaziland, Lesotho)*

- **10** New services stations built.
- **137 Million** customer visits to forecourts.
- **55** Services stations had LED lighting installed.
- **13** New QuickShops added.



Financial

- **R70 033 million** - Turnover (10% increase).*
- **R3 315 million** - Net profit (5% increase).*
- **R5 155 million** - Operating profit (18% increase).*
- **R8 994 million** - Total value created & distributed.

* From continuing operations and hereafter



This report is relevant
for any stakeholder
**who has an interest
in Engen's activities
and performance.**



DATUK MD ARIF MAHMOOD

Chairman's Statement

It is with pleasure that I introduce Engen's 2017 Integrated Report and share Engen's story of value creation. This report is relevant for any stakeholder who has an interest in Engen's activities and performance.

Globally, in 2017 businesses faced an unpredictable, uncertain and restrained growth environment. It was no different for Engen. Against this backdrop, I am proud that this report demonstrates that we were again able to generate value through good financial and operational performance while also continuing to play a meaningful role in society as a responsible corporate citizen. Credit is therefore extended to our committed employees and the skilled Engen Petroleum Limited leadership team led by Mr. Yusa' Hassan.

A Time of Rapid Change

We are living through a period of global macroeconomic flux. Combined with significant change in South Africa and on large parts of the African continent, Engen has focused on strategically manoeuvring the business to offset the impact of a volatile political and economic landscape while setting the company up for future growth.

In South Africa, a climate of uncertainty and market unpredictability has existed as international ratings agencies downgraded their positions on the country as an investment destination. In some of our other markets, we have had to respond to the complexity generated by a drop in global commodity prices, and social and political changes that continue to play out.

This all points to an evolving competitive landscape, with downstream fuel marketers who are nimble, and who focus on digital innovation, data analysis and deploying technology as a differentiator towards creating a better customer experience, likely to prosper.

Along with our employees, outside experts and using industry benchmarks and best practices, we reviewed over 2000 job roles in almost every part of Engen to see if we had the organisational design to focus all our efforts on serving our customers.

Realising our Business Strategy - Full Potential

We all know that it's impossible to achieve different results if you don't change the way you do things, and the implementation of our Full Potential strategy in 2017 saw Engen cement our bid to swap "business as usual" for a strategy that boosts business growth, while delivering a superior customer experience.

Ensuring we remain relevant in this ever-changing and fiercely competitive industry meant we had to take a long, hard look at our operating model, then be prepared to make the essential modifications to ensure we were not only agile and nimble, but also ready to seize market growth opportunities as they presented themselves. This will ensure that we consistently win in the marketplace and remain Number One.

In early 2016 during our strategic long-term planning, all indicators pointed to the fact that Engen had to change. The management team seized the issue and consulted to create the case for change. The evidence to support this was borne out of a combination of our customer service results, our cost base and cost trend, the economic environment, and feedback from employees, which clearly pointed to the fact that Engen could not continue operating in the manner it was accustomed.

It has been a challenging but rewarding year, at the end of which we are happy to report that our Full Potential focus has successfully opened the way to significant opportunities for expansion, not only for the business but also for our staff.

We spent 2017 focussed on designing Engen to be able to grow and win in the marketplace of the future. Along with our employees, outside experts and using industry benchmarks and best practices, we reviewed over 2 000 job roles in almost every part of Engen to see if we had the organisational design to focus all our efforts on serving our customers.

Engen has identified a partner, which brings with it a proven record of accomplishment to support Engen's aspirations for growth and a focus on returns in Africa.

Our Full Potential strategy aims to ensure we are set up to consistently deliver an outstanding customer experience for long-term sustainable growth. Centered on the achievement of Commercial and Operational Excellence, the strategy rests on four pillars, namely: Strengthening the Core in Retail and Commercial; Partnering for Growth and Focus on Returns in our International Business Division; Driving Down the Cost to Serve with a focus on supply chain and procurement; and Optimising Across the Value Chain through sourcing and enterprise optimisation.

Being 'Brilliant at the Basics' is a fundamental starting point for us to achieve our Full Potential – this is true for everyone and in everything we do. As such, we have also identified four key enablers to deliver our strategies. These are our People and Organisational design, adoption of the PETRONAS Cultural Beliefs, our B-BBEE Accreditation, and creating a Simple and Digital Engen.

In 2017 we delivered a number of Full Potential initiatives across the four strategic pillars.

A big focus was on organisation design and we carefully reviewed the structure of Engen. In February 2017, we announced a new structure that will allow every member of Team Engen to focus on serving our customers. This saw the Engen Sales and Marketing Division split into separate Retail, Commercial and Lubricants divisions, while operations was absorbed into a broader Supply Chain division. On the support division side, Corporate Planning and Corporate Affairs amalgamated into a single Corporate Strategy and Communications division.

We interrogated our role as an organisation across every level in order to remain relevant in the changing landscape in which we operate and completed this on time on 30 November 2017, with the new organisational structure becoming operational on 1 December 2017.

Full Potential is about creating a successful and sustainable business for now and the future. I am excited to report that Engen is now structured to make it the company it should be for our customers and our employees.

Partnering for Growth and Focus on Returns

With the support of our shareholders, Engen has identified a partner, which brings with it a proven record of accomplishment to support our aspirations for growth and a focus on returns in the rest of Africa, supporting our Full Potential Strategy.

In late November 2017, Vivo Energy agreed to enter into a share transaction with Engen Holdings, a 100% subsidiary of Engen Limited. Subject to regulatory and competition authority approval, Vivo Energy will purchase the shares in Engen International Holdings for the exchange of a shareholding in Vivo Energy, with a possible cash element. The Engen affiliates included in the transaction are our businesses in Kenya, DR Congo, Zimbabwe, Réunion, Zambia, Gabon, Rwanda, Mozambique, Tanzania and Malawi.

... in early 2017 PETRONAS and a Phembani-led consortium concluded a B-BBEE ownership transaction for 6% equity.

We anticipate the regulatory approvals to happen by the second half of 2018. Through our holdings in Vivo Energy, Engen will indirectly retain a stake in Engen International Holdings as well as extending our reach and expanding our returns to emanate from nearly half the countries in the rest of Africa, through this combined business.

Engen Holdings (Pty) Ltd will retain its interest in Engen Petroleum Limited (the South Africa business) and Engen's businesses in Mauritius, Botswana, Ghana, Namibia, Swaziland and Lesotho, which are not part of this transaction. The deal supports our Full Potential Strategy.

Engen is excited to enter into this strategic undertaking with Vivo Energy. We will seek to build on each other's strengths from this collaboration for the benefit of our customers across the continent.

Making Transformation Real

Transformation has been a critical focus of our change strategy, and I can say with confidence that we have succeeded in ensuring it has become a crucial element of the way in which we conduct our business, both internal and in terms of external stakeholders.

Diversity and inclusion at all levels across our organisation is the cornerstone of Engen's sustainability as a business.

Skilled people are at the heart of Engen. In our latest Employment Equity Report submitted to the Department of Labour in December 2017, Engen South Africa's workforce comprised 50.9% Africans, 21.8% Coloureds, 14.9% Indian, 11.3% Whites, and 1.2% Foreign Nationals. Engenites are people who care about our customers, one another, our company and the society in which we live. They all make Engen a great place to work.

At shareholder level, I am pleased to inform that in early 2017 PETRONAS and a Phembani-

led consortium concluded a B-BBEE ownership transaction for 6% equity. Combined with the implementation of Enterprise and Supplier Development initiatives to support small and medium businesses that do business with us, and improvements in other areas of the scorecard, we are now a Level 2 B-BBEE contributor - having progressed from Level 8 as recently as 2015. This is an exceptional achievement that enhances our status in South Africa, and ultimately secures our economic sustainability.

We can currently boast statistics that show a total 46% of Engen's retail dealerships are Black-owned, 10% of them women. Of the R11billion in crude oil we imported in 2017, 30% came via Black suppliers. From 2011, when our procurement profile reflected business value for women at just 4%, it stands today at 41%. Our Board comprises 40% Black members, and 20% women, while our Executive is currently 54% Black, with 31% Black women.

Today, support for transformation is an integral part of Engen's fabric, and is considered in every business strategy and decision, while we pay close and ongoing attention to our transformation agenda.

With us you are Number One

Engen is a great company. We are part of PETRONAS, one of the largest oil and gas multinational companies in the world. Our operations touch almost every South African and millions of Africans across the continent.

However, it is our customers who come first, and everyone who works at Engen knows that. This customer-centric approach means that we listen carefully to what our stakeholders are saying, ensuring we are rising to the challenge wherever possible.

So it was extremely heartening to get the kind of public recognition that we got from the Sunday Times Top Brands and Generation Next awards, in previous years and now again in 2017. Records were broken

all round as Engen scooped both the “Favourite Petrol Station” title in the Top Brands contest, and the “Coolest Petroleum Brand” in the Generation Next survey for the seventh consecutive year. This is uncontested recognition of the strength of our brand leadership and market strength in South Africa, but also reflects the deep loyalty amongst our customers.

As we go forward in our efforts to reinvigorate and realign our brand, we recognise that it is vital for us to move into relevant and innovative spaces that ensure we continue engaging these customers and drawing new ones, while always interacting meaningfully with them.

Engaging our Stakeholders

As a member of broader societies across the countries in which we operate, we remain firmly committed to finding solutions to common challenges. On issues such as transformation and localisation, job creation, security of supply and responsible environmental stewardship, it is imperative that we strive to work towards a common vision. This is a vision that must be formulated by the inputs of companies, regulators, trade unions, community representatives and non-governmental organisations, amongst others. Numerous challenges at a country level require many stakeholders to tackle these issues together, ideally informed by mutual trust and respect. As a company, we remain committed to proactive stakeholder engagement.

Serious about Social Investment

While it may indeed be true that individual businesses cannot change the world, that is no excuse to do nothing. We at Engen take very seriously our own contributions towards sustainability. We do not just talk about it either; our contributions are deeply embedded in our operational strategies and corporate value system.

Our reality is that we operate in a complex industry, which in turn operates within complex societies. It is up to us therefore, to ensure that all our operations and social interventions make a meaningful

contribution to socio-economic development across all our markets. It is a big responsibility, but it is essential that we do everything possible to reach a point where we can say we have mutually beneficial relationships with our stakeholders across the spectrum. That way, the prosperous future we foresee for ourselves also benefits the broader society as a whole.

Our social investment continues to be an important platform through which we are able to give back to communities that have fuelled our business growth. In 2017 we invested R35 million in various community outreach programmes. We continued with our long-running Engen Maths and Science Schools programme. Learners on the programme who wrote matric achieved a 94% pass rate (67% of which were Bachelor passes), which is well above the South African national average.

Alongside various other community interventions, we also continued with our Driver Wellness programme, offering long-distance truck drivers free health screenings at 23 sites across five provinces of South Africa, while our Klevakidz Paraffin safety initiative taught more than 53 000 young learners in 112 schools how to safely use a fuel that remains essential to many economically disadvantaged families.

Of the R11 billion in crude oil we imported in 2017, 30% came via Black suppliers.

We work hard in our communities through our focused sponsorship programmes. Since 2003, more than 30,000 aspiring young soccer players from all walks of life have participated in the Engen Youth development programme and more than 170 of them have gone on to play professional soccer.

Pursuing Zero Harm

Engen's safety performance in 2017 continued to be an area of focus and improvement. The Board has fully endorsed the introduction of various interventions aimed at further strengthening the company's safety focus.

In February 2018 the Engen Limited Board approved the revision of the Health, Safety, Environment and Quality Policy. The policy now includes a 'Stop Work Authority'. All employees, contractors, contractor agents and sub-contractors are now authorised to cease working and to stop an on-going activity if there is an immediate threat that could endanger themselves or others or cause adverse impact to property or the environment. The revised policy also now includes management commitment in compliance with National Railway Safety Regulator Act (16 of 2002) and all relevant SANS Codes.

Improving our safety performance is a non-negotiable. We must have a chronic unease about safety and continuously improve our procedures, as the consequences can be catastrophic. Our safety record can and will be improved by shifting towards a generative safety culture where all employees do not merely follow HSE procedures because they have to but because they want to.

Our Refinery received recognition from the PETRONAS Group HSSE Vice President P Dzafri Sham Ahmad for making progress towards an HSE culture.

Enhancing Effective Governance

The Engen Limited Board comprises a diverse range of skills, experience and backgrounds. This results in robust debate and varied views and learnings. As a group, we remain committed to applying all material principles embodied in King IV, the Companies Act and other pertinent legislation by which we are bound. This ensures that the way in which Engen conducts business meets the highest standards applicable.

The Engen Limited Board is fully committed to the four governance outcomes: ethical culture, good performance, effective control, and legitimacy. By applying these principles, my board colleagues and I seek to optimise Engen's business performance, while maintaining compliance with all relevant regulations.

In 2017, reviews of the terms of reference of both the Board Charter and Board committees focused on alignment with King IV. Recommended practices not addressed were identified and mindfully evaluated to form the basis of suggestions for changes, following which the appropriately updated terms of reference were approved by the Board.

We also adopted the new Memorandum of Incorporation, which addresses the responsibilities of directors, to align with the new Engen structure. This had been amended in 2016.

There were changes in Engen Limited Board membership over the reporting period. Mr. Mohamed Firouz bin Asnan and Ms. Zella Fuphe resigned as non-executive directors in August 2017. Datuk Mohd Farid Mohd Adnan, Mr. Andrew Bryce and Mr. Vukile Zondani all resigned as executive directors at different times in the year under review.

I continue to have confidence that Engen will achieve its Full Potential, primarily because of the quality of its people, at all levels across the Company.

I want to thank them all for their invaluable contributions and insights in progressing the Engen business.

I would like to wish Datuk Farid Adnan a long and happy retirement. Datuk Farid, who retired as Engen Managing Director and CEO on 31 May 2017, initiated Full Potential and brought the organisation to a position in which it can face the future with renewed confidence. Throughout his time as CEO, Datuk Farid displayed a temperament, technical insight and integrity that attracted the support of staff and stakeholders as he initiated some difficult changes.

In June 2017, we welcomed Mr. Yusa' Hassan, Engen Managing Director and CEO, as an executive director. Yusa' has a career that spans almost 30 years in PETRONAS refining and petrochemical businesses. His last role prior to joining Engen was Managing Director and CEO of PETRONAS Gas Berhad. I believe Yusa's proven technical, marketing and management experience will add great value, and I look forward to his contribution in helping to secure the long-term future of Engen's world-class operations and network.

We also welcomed Dato' Sri Syed Zainal Abidin, Mr. Yusri Mohamed Yusof and Mr. Kennedy Bungane as non-executive directors across the course of 2017. On behalf of the entire Board, I welcome our new Board members, and look forward to their valuable participation as we continue to build Engen's resilience as a business for the benefit of all its stakeholders.

With Thanks

In closing, I wish to thank my colleagues on the Engen Limited Board for their commitment and expertise in delivering on their fiduciary responsibilities and ensuring good governance across the group. You all played a crucial role in guiding our continuing journey to long-term commercial success. I am confident that together we will see our ambitious, decisive action plan translate into prosperity for us all.

On the executive side, I would like to thank the management team under the leadership of Mr. Yusa' Hassan for their effective stewardship of

the company during a difficult year of change. I look forward to them assisting Engen deliver effectively on its core purpose over the coming years.

Lastly, I wish to extend a very big thank you to all Engen employees for their loyalty and hard work as we navigated the often-challenging waves of change in 2017. We would not have been as successful without your unflinching commitment and support.

I continue to have confidence that Engen will achieve its Full Potential, primarily because of the quality of its people, at all levels across the Company.

Looking to the Future

We have an exciting future ahead in an extremely challenging marketplace because more than ever – thanks to Engen's new organisational structure and Full Potential strategy – focus on our customers and our employees can be prioritised.

We welcome the election of Cyril Ramaphosa as President of the Republic of South Africa, our biggest market, and the positive sentiment and message of his inaugural State of the Nation address (in February 2018), especially the determination to eradicate state capture, corruption and restore investor confidence and the rule of law.

Our enduring brand promise 'With us you are Number One' is now more than ever at the heart of the way we do business at Engen. We are committed to making a positive difference in our customers' lives. As their needs and expectations of us change, we will be agile enough to respond accordingly.

DATUK MD ARIF MAHMOOD

Chairman



YUSA' HASSAN

CEO's Report

In a period of just 12 months we have redesigned our South African organisation, created a fully integrated lubricants division, a single supply chain and identified a partner to grow our African operations.

In 2017 we faced a great deal of uncertainty, and grappled with significant change. By the end, however, I was delighted to be in a position to tell our staff and shareholders that we had done what was needed. We had put in place our Full Potential strategy to ensure we would grow stronger and more successful, in spite of an increasingly challenging business landscape.

As we continued on our journey towards constantly maximising our Full Potential, in 2017 Engen's winning team focused on building resilience through various commercial and operational excellence strategies to ensure our long-term sustainability and competitiveness. Each one of us played a crucial

The project to install a new diesel reactor, which enables the Refinery to manufacture its entire diesel output to 50-ppm sulphur specification was safely concluded a month ahead of schedule, and below budget.

role over the course of the year as we set about achieving our immediate five-year ambition, namely a 5% PBT margin improvement by 2020 (from a baseline of 2015) and the successful delivery of our growth strategies.

Central to our strategy is an unrelenting focus on our customers, with safety, environmental and social responsibility continuing to underpin our business approach.

In the year under review, we continued to work towards consolidating our Number One position for retail in South Africa through superior customer experience, network optimisation and convenience acceleration. We also focused on regaining our leadership position in the South African commercial business. Outside of South Africa we are creating a sustainable business with clear focus on returns through a strategic partnership, subject to regulatory approval, with Vivo Energy.

In pursuit of operational excellence, we focused our energy in 2017 on driving down our cost to serve through an efficient end-to-end supply chain and strategic procurement. We also sought to optimise our value chain via enterprise optimisation, competitive sourcing and other strategic initiatives.

Ultimately, our aim is to ensure we consistently deliver an outstanding customer experience. Being 'Brilliant at the Basics' is a fundamental starting point for us to achieve our ambitious targets – this is true for every Engenite and in everything we do.

Volumes – Commercial Shines

In 2017, 137 million visits were made to Engen's 1 000-plus service stations across South Africa, Swaziland and Lesotho. Millions more were made across our approximately 500 service stations in 14 countries spread across sub-Saharan Africa and the Indian Ocean Islands.

Combined with encouraging performance in our commercial business, especially in our International Business Division, we were able to pump 9 524 million litres of fuel in 2017, 6 959 million litres of which were sold in our biggest market South Africa.

Good Financial Performance

Engen's financial performance in 2017 was robust. This was in spite of near zero growth in South Africa, as well as low growth in developing countries, continued oil-price and currency volatility, high product prices that negatively affected retail performance, and the latent impact of drought in southern Africa.

Against this backdrop, I am pleased to share that we demonstrated our ability to maintain a steady growth momentum. Through the determined efforts of our skilled employees and the implementation of our customer-centric Full Potential strategy, we were able to pull together a strong set of financial results.

In the year under review, our turnover was up 10% to R70 033 million. Operating Profit increased by 18% as our early Full Potential initiatives and the resultant efficiencies started taking effect.

Good refining margins in the year under review boosted Gross Profit. This was achieved on the back of a more favourable product price movement to crude price, and was positively impacted by a comparatively higher crude throughput to take advantage of higher margins.

In addition, we were able to achieve higher marketing margins in South Africa, Botswana, Namibia and Mauritius. However, we experienced a downward trend in our South African (including Swaziland and Lesotho) sales volumes, as already cash-strapped consumers grappled with higher petrol prices compared to the previous year.

Investments made to strengthen the business for the future, the cost of offering some employees voluntary severance packages and higher fees paid for administrative and managerial services, primarily in respect of consulting fees, were the main reasons our expenses increased by 9% in 2017. Higher depreciation charges were also incurred due to our Retail and Commercial divisions' capital expansion programmes, whilst the Refinery depreciation charge on stay-in-business capital also had an impact.

Our operating costs increased, mainly due to higher realised and unrealised foreign exchange losses, while our statement of financial position remains largely ungeared, which presents an opportunity for the funding of significant projects over the longer term.

Total assets increased by R1.744 million from 2016, to R40,878 million at the end of 2017. This was primarily driven by an increase in working capital.

Operational Performance – Enref is World-Class

The Engen Refinery, which produces approximately 17% of South Africa's fuel needs, continued its world-class performance of recent years in 2017. This came on the back of strong refining margins; while crude type enablement in respect of new West African varieties saw our team in South Durban achieve an increase in white oil yield as well as margin improvement. This was supported by mechanical reliability of 99.6%, which was 5% higher than plan.

Acknowledgement is extended to Refinery general manager, Jehan Zaib and his skilled team for completing a turnaround of the Alkylation Unit two days ahead of schedule, and below budget in 2017. They also succeeded in fast-tracking a project to install a new diesel reactor, which enables the Refinery to manufacture its entire diesel output to 50-ppm sulphur specification. This initiative was safely concluded a month ahead of schedule, and below budget.

Furthermore, improvements to, and optimisation of the operating units, ensured that our Refinery has also achieved a record 16-month run length between outages.*

This combination of improved reliability and shorter outages enabled our Refinery to achieve an Overall Equipment Effectiveness (OEE) of 99.7%, markedly better than our planned 94.3%.

The Engen Refinery, which produces approximately
**17% of South Africa's fuel needs, continued its
world-class performance of recent years in 2017.**

Securing Supply – A Crucial Responsibility

Ensuring the consistent and uninterrupted transfer of fuel to our customers is crucial for Engen to realise its Full Potential. With 141 763 fuel deliveries in 2017, we continued to make good on our responsibility as an organisation for ensuring security of supply. To this end, we moved to improve our logistics network efficiency to meet the steady growth in demand in South Africa, with a specific focus on South Africa's economic heartland of Gauteng where demand is greatest.

Two fundamental strategies were introduced to ensure that we continue to service customers timeously and cost-effectively. These were 'Value Focused Supply' to promote collaboration and integration across the value chain, and 'Sales and Operations Planning' to formally address end-to-end supply via a continued focus on alignment and synchronisation across all functions of the organisation.

Key inland terminals and depots underwent upgrades, with the bulk of the work completed by the end of 2017. This included the commissioning of two new tanks at our Rustenburg Depot and expansion of our Pretoria (Waltloo) and Witbank Pipeline Terminals. These investments increased demand in the surrounding areas, and will secure enhanced supply during peak demand periods.

In Cape Town we entered into a long-term agreement with Burgan Cape Terminals, Cape Town's first independent oil storage and distribution terminal. This secured us additional storage capacity in the region. We also secured additional capacity in Durban and Gauteng to assist us in the coming years.

In 2016, we reported on the construction of New Multi-Product Pipeline (NMPP) feeder pipelines at Island View in Durban. These were fully completed and commissioned in July 2017 and enable connectivity to the Transnet NMPP pipeline, which provides optimal access to Gauteng. This ensures Engen now not only enjoys security of supply to the crucial inland South African market, but also to neighbouring countries dependent on this supply corridor for their liquid fuel needs.

Increasing our Retail Footprint – A Record Year

I challenged our retail team to further increase Engen's industry leading South African market share in 2017, with a focus on constructing new sites in growth areas where Engen is typically under-represented. They rose to the task and achieved a record 10 new forecourt builds in 2017 – that's over half of all new forecourts built in the fuel industry in South Africa in 2017. The combined retail fuel industry, on average, adds an estimated 15 to 20 new service stations annually in South Africa.

Our retail team delivered a record 10 new forecourt builds in 2017 – that's over half of all new forecourts built in the fuel industry in South Africa in 2017.

In addition, we were also able to offer more convenience shopping to our customers with 13 new Quickshops. We also revamped two of our flagship Engen 1-Stop sites and re-imaged a further 53 service stations to the blue image.

Another aggressive new site build programme is planned for 2018 to further boost Engen's market share.

Health, Safety, Environment – A Strategic Focus

At Engen we constantly look at ways in which to improve our Health, Safety, Environment and Quality performance.

In 2017 we continued to actively manage our environmental and safety risks at all times by ensuring that we improve our HSEQ capability, implement the Mandatory Control Framework (MCF) and support the line divisions with their environmental compliance. We also introduced a Visible Felt Leadership initiative, which saw various executive managers and other senior employees make regular visits to operating facilities to engage employees on safety issues.

We remain firmly committed to assuring a safe working environment throughout all our facilities. In 2017 our key focus areas were process safety management – to prevent serious safety incidents, improved road transport-related safety performance, HSEQ Contractor Life Cycle Management, and the reinvigoration of our HSEQ Culture.

I am pleased to report that our Refinery maintained compliance with its emissions licence, as did all our other facilities. Furthermore, all Engen sites with listed activities have been issued Air Emissions Licences, which have been reviewed and updated timeously to maintain legal compliance.

Management of our water usage also received firm focus in 2017 given the prevailing drought in much of Southern Africa. As crude processing accounts for most of our water requirements, our Refinery continued to seek improvements in systems efficiency and reliability, which has improved our water management efforts over the past years. While Enref's water consumption has stabilised following reductions, further measures are being investigated for implementation.

Following the government gazetting of key legislation in the climate change space, which included National

Greenhouse Gas Emissions Regulations, we have submitted a plan to reduce resultant greenhouse gas emissions to the Department of Environmental Affairs for approval.

People Power – Ensuring a Skilled Workforce

Our employee engagement strategy is a work in progress and is carefully sequenced in order to deliver real, informed change.

Process simplification work across all levels of Engen in 2017 enabled us to design the operating structure we require to change the way we do things much more quickly and with more agility than before.

This work led to the creation of Business Partner roles to centralise activities and expertise that are non-core to the divisions. The Human Resource division is one of these and where we will be adding resource and expertise to enhance the design of the employee experience.

We continued to invest in our people, who remain Engen's most important asset and a key enabler of our Full Potential strategy. In 2017 more than 80% of our staff underwent professional development training. We also focused on succession planning for critical positions, the development of internal talent pipelines, and preparing our top talent to take up international opportunities in the PETRONAS group.

As a result of our organisational design work we not only identified the new skills and type of people we need to move forward and be successful in the future, we created the positions for them. In 2018 we will fill these roles.

Through our integrated Talent Management Framework we are ensuring that a deliberate pathway is established to secure the right people in the right jobs, at the right time. This new framework is aimed at implementing improved strategies for recruitment, remuneration, development, engagement and talent retention.

Our graduate programme continues to focus on talented young learners from previously disadvantaged backgrounds. In 2017, we offered 20 graduates the opportunity to develop their work skills, with many of our senior managers committing to mentoring these talented people as they spent the year gaining vital work experience.

We also continued with our learnership programmes, which are designed to respond specifically to the scarce skills identified within our sector. In 2017, we offered learnership opportunities to 193 people covering, amongst others, apprenticeships for Fitter and Tuners, Diesel Mechanics, Electricians and Instrument Mechanics. Also offered were Chemical Operations Level 3, Mechanical Fitting and Welding Level 4, and National Certificate Professional Driving NQF 3. We also offered on-the-job training and mentorship to aspirant Chartered Accountants.

A Look Forward

Our Full Potential strategy is in place to ensure Engen achieves sustainable growth amidst an unpredictable global economy. I am also certain that we have the right people in place to ensure the focused execution of our customer-centric strategy. In 2017 we took some tough decisions and made some bold investments.

In a period of just 12 months we have redesigned our South African organisation, created a fully integrated lubricants division, a single supply chain and identified a partner to grow our African operations.

We have now created an opportunity, in a short period of time, to seize the advantage we have created for ourselves to go out and win in the marketplace.

These are remarkable achievements. They are the work of a great many Engenites who have acted with diligence, passion and speed. They have demonstrated the agility required to compete and win in this challenging marketplace.

We are now set up to be stronger and more successful than ever before. A great many exciting Full Potential initiatives are in the pipeline that will further change the impact we can make on our customers in 2018 and beyond. And while we will take the setbacks and celebrate the successes, we know we are better set up to win than ever before.

Appreciation

In closing, I would like to thank the Engen Limited Board for their valuable support and guidance. My thanks are also due to the Engen Petroleum Limited Management Committee for the input and resilience that has been necessary to ensure Engen's continued success. Most importantly, to our employees, a very big thank you for your continued belief and loyalty to Engen. It is an incredible privilege working with you all. I am looking forward to walking the road ahead with you as we help realise Engen's Full Potential.

YUSA' HASSAN

Managing Director and CEO

** The Engen Refinery underwent planned maintenance in early 2018. Starting on 5 February 2018, this scheduled activity formed part of the Refinery's ongoing maintenance programme and ran for 45 days until 30 March 2018.*

This routine planned maintenance is essential for the safe and reliable operation of the facility and primarily focused on essential plant maintenance and inspection activities as well as process regeneration activities. Additional resources over this period saw the creation of approximately 4 600 temporary positions for skilled workers, and where applicable they were sourced from the local South Durban community.

Brand Awards

For the seventh consecutive year, Engen won the Sunday Times Top Brands award, as SA's leading petrol station, and was named the "Coolest Petroleum Brand" in the Sunday Times Generation Next awards. These two awards confirm that the company is not only South Africa's top marketer of petroleum products and convenience services, but also its best-known petrol station brand.

This is uncontested recognition of the strength of our brand leadership and market strength in South Africa, **but also reflects the deep loyalty amongst our customers.**



SUNDAY TIMES
TOP BRANDS
2011-2017



SUNDAY TIMES
GENERATION
NEXT 2011-2017

Thank you South Africa

Your vote has yet again crowned us as the country's No.1 petrol station for the 7th year in a row. Our journey doesn't stop here as we continually strive to put you first.

Sunday Times
TOPBRANDS
2011-2017

With us you are Number One



ENGEN 1 stop

The Engen Business

In line with our firm trust and belief in the great potential within the continent of Africa, we have focused on growth in sub-Saharan Africa and the Indian Ocean Islands, which are our markets of choice. **We currently operate in 17 countries across the region, and export our products to more than 30 other countries.**

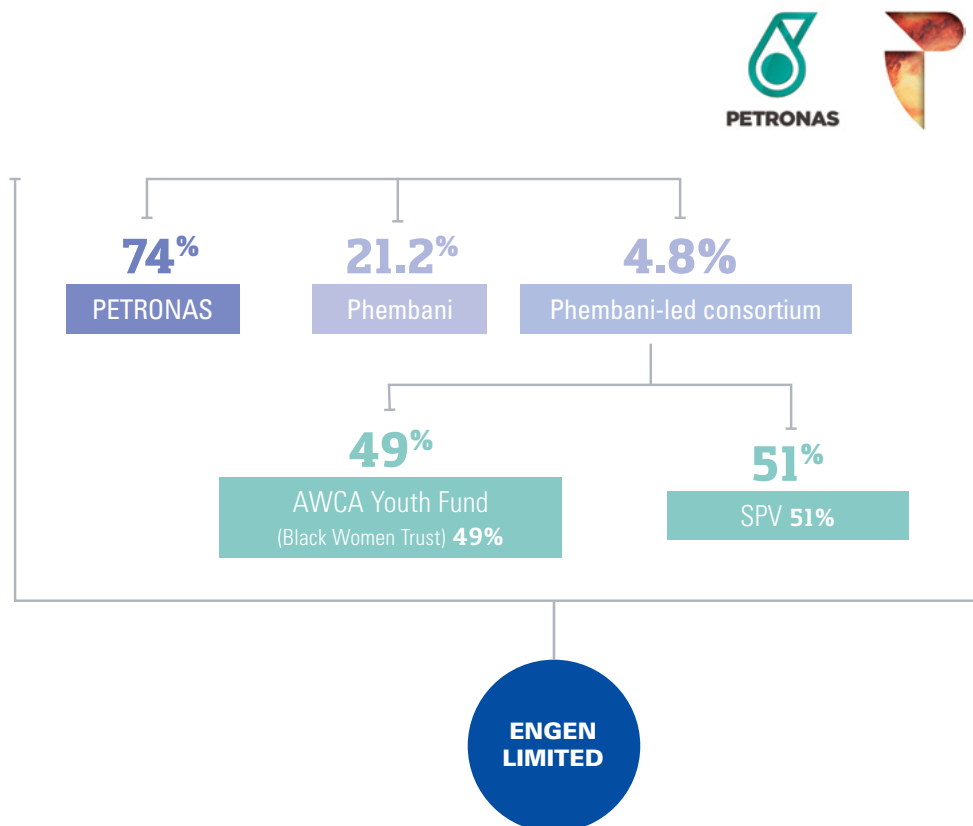


ENGEN

Our Shareholders

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

Phembani, a black-controlled South African company focused on the broader energy sector, holds 21.2% through Afric Energy Resources (Pty) Limited. A Phembani-led consortium holds the remaining 4.8%.





Our Relationship with PETRONAS

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

As well as drawing on the skills of their human capital, our relationship with PETRONAS enables us to leverage their research and advanced technology. This is evident in our Primax brand of gasoline, which is the same fuel used to power the World Championship-winning Mercedes AMG PETRONAS Formula 1 team.

We also market products on behalf of PETRONAS Lubricants International (PLI), the global lubricants manufacturing and marketing arm of PETRONAS.

PLI drives technology as a winning differentiator in responding to the needs of both the automotive and industrial lubricants market, and continues to invest in world-class technology, infrastructure and talent.

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

Where We Operate

Engen has manufacturing, distribution, sales and marketing, and support services in 17 countries across sub-Saharan Africa and the Indian Ocean Islands. Our growth strategy incorporates this area.

Country	Population (estimate)	Service Stations	Quick Shops
Botswana	2.3 million	53	34
Democratic Republic of Congo	84 million	79	18
Gabon	1.5 million	17	8
Ghana	29 million	26	5
Kenya	51 million	15	12
Lesotho	2 million	10	-
Malawi	19 million	13	1
Mauritius	1.3 million	33	9
Mozambique	31 million	17	14
Namibia	2.5 million	58	31
Reunion	900 000	37	10
Rwanda	13 million	20	6
South Africa	58 million	1 023	625
Swaziland	1.3 million	5	-
Tanzania	59 million	8	3
Zambia	18 million	32	17
Zimbabwe	17 million	64	11



We currently
operate in
17 countries




What We Do

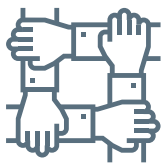
We:

- Source crude oil and finished products.
- Process and refine crude oil into fuels, lubricants and petrochemicals at our Refinery in Durban, South Africa.
- Store and distribute refined petroleum products.
- Market and sell these tailored products and related convenience services to our customers.

This enables us to grow revenue and generate cash, which is reinvested in resources and infrastructure.

What Differentiates Us

		
<p style="text-align: center;">1</p>	<p style="text-align: center;">2</p>	<p style="text-align: center;">3</p>
<p>FULLY INTEGRATED VALUE CHAIN</p> <p>Including refinery and terminals as well as distributors and dealer networks.</p>	<p>EXTENSIVE DISTRIBUTION NETWORK</p> <p>This is spread across strategic locations and also serves commercial and industrial customers.</p>	<p>ADDED VALUE TO SHAREHOLDERS & BUSINESS PARTNERS</p> <p>Value is derived through cost-competitive and efficient operations.</p>



4

**HIGHLY
COMPETENT
WORKFORCE**

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



5

**STRATEGIC
PARTNERSHIPS
AND ALLIANCES**

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



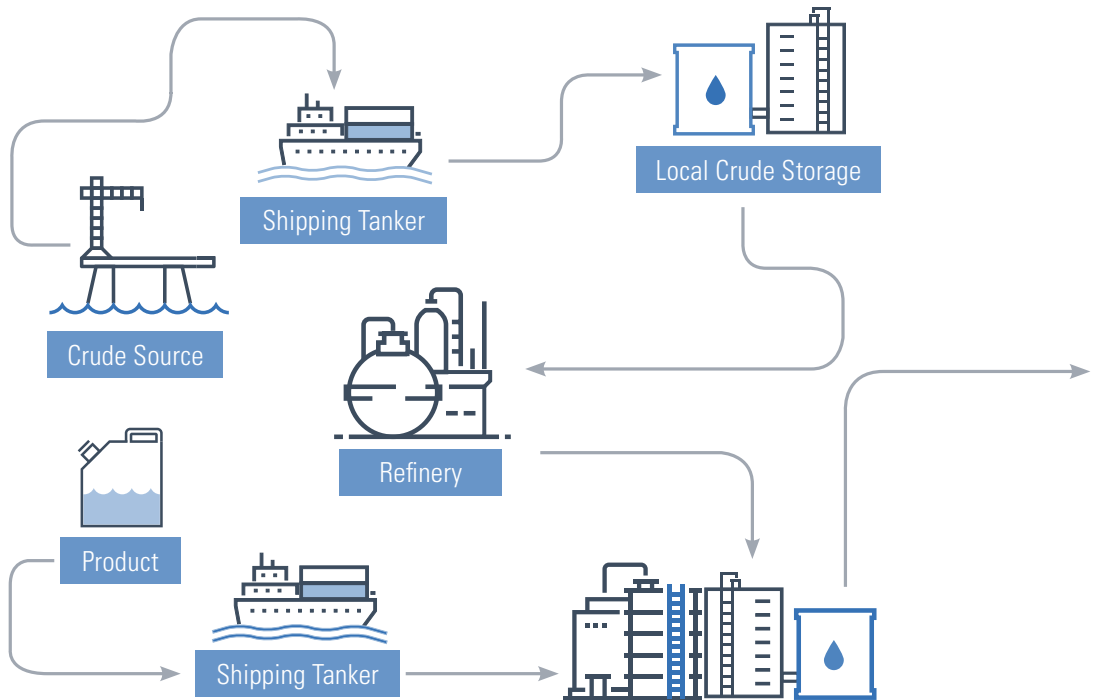
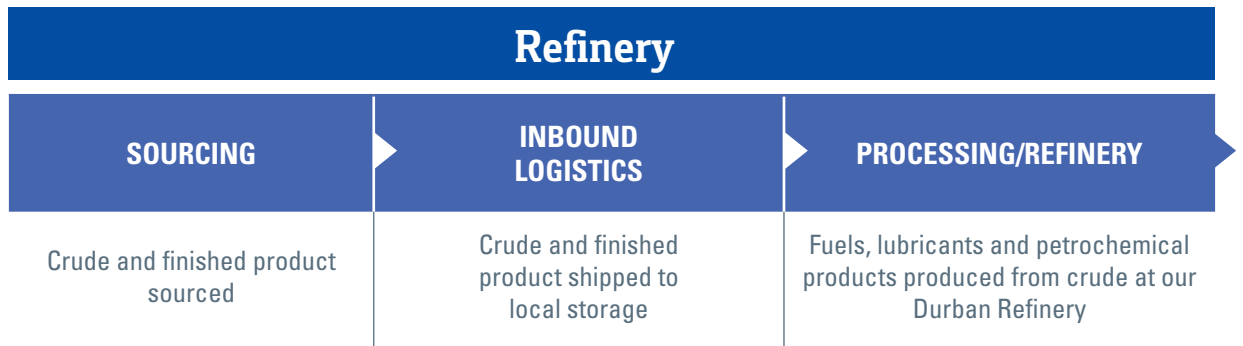
6

**WORLD-CLASS
CUSTOMER
SERVICE
INNOVATION**

This is inspired by looking through the customers' lens and is developed in collaboration with winning partners.

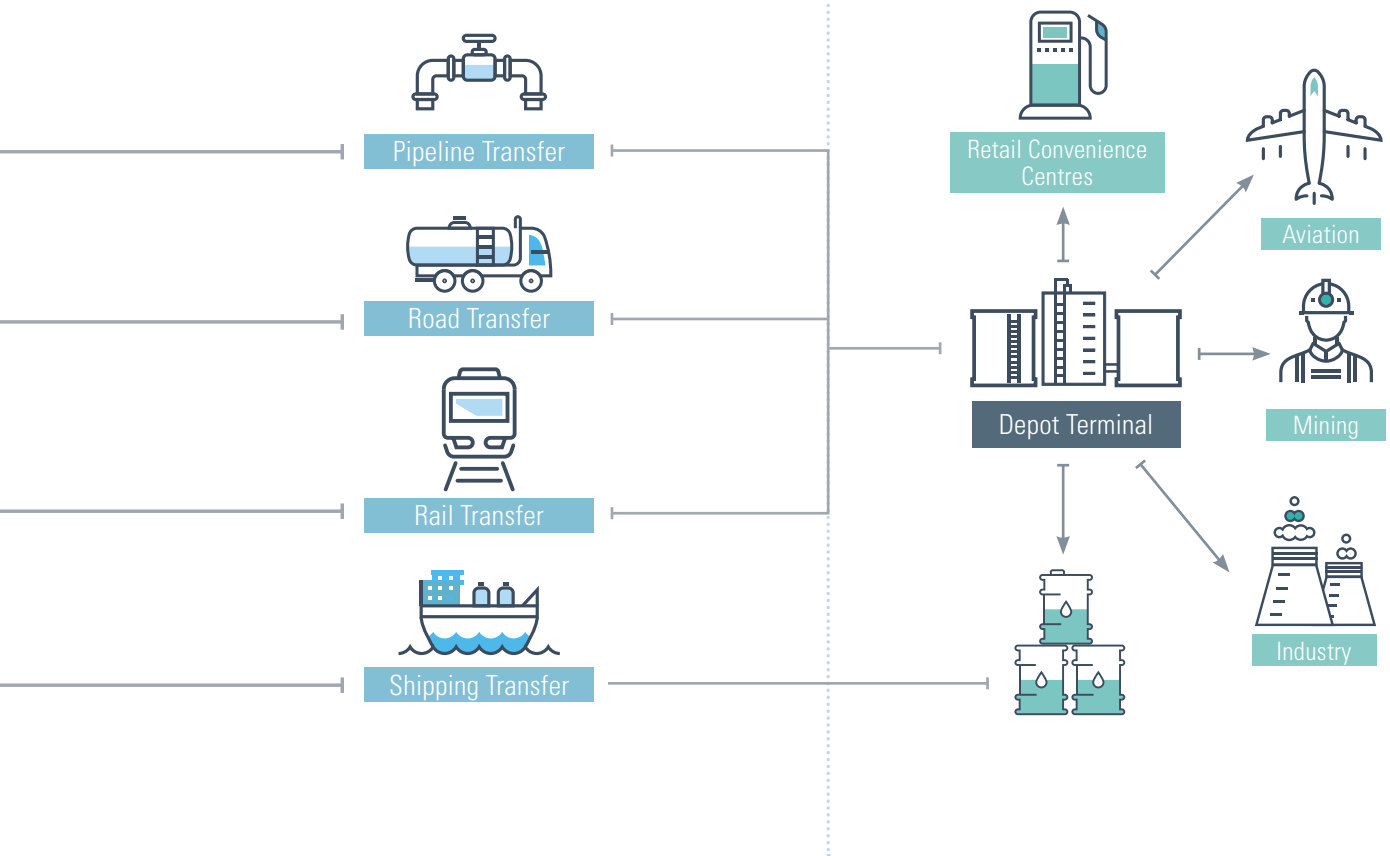
Our Integrated Value Chain

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



At the heart of our value proposition lies our integrated value chain.



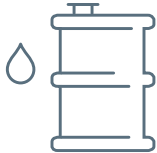



Transport Modes	Customers
OUTBOUND LOGISTICS	SALES & MARKETING
Storage facilities, rail, pipeline, ships and road transport used to take product to customers	Product, tailored product and convenience services marketed to customers



Our Customer & Operational Divisions

Engen is organised into four customer-facing divisions, namely: Retail, Commercial, Lubricants and the International Business Division (IBD). These are supported by two Operational Divisions, namely the Refinery and Supply Chain*

* Essential business services and support to the customer and operational divisions are provided by the following six divisions: Human Resources, Finance, HSEQ, Enterprise Risk and Assurance, Legal & Company Secretariat, and Corporate Strategy & Communications.

		
<p style="text-align: center;">RETAIL</p> <p>(South Africa, Lesotho, Swaziland)</p> <ul style="list-style-type: none"> • Fuel Marketing • Convenience shopping 	<p style="text-align: center;">COMMERCIAL</p> <ul style="list-style-type: none"> • Business-to-Business • Chemicals • Bitumen 	<p style="text-align: center;">LUBRICANTS</p> <ul style="list-style-type: none"> • Automotive • Industrial
		
<p style="text-align: center;">IBD</p> <p>(14 Affiliates)</p> <ul style="list-style-type: none"> • Retail & commercial fuels marketing • Lubricants marketing • Convenience shopping • Supply chain management 	<p style="text-align: center;">REFINERY</p> <ul style="list-style-type: none"> • Crude Processing • 120 000 bpd capacity • 100% production of 50ppm Diesel 	<p style="text-align: center;">SUPPLY CHAIN</p> <ul style="list-style-type: none"> • Sourcing • Supply Optimisation

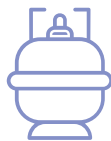


What We Offer

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

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

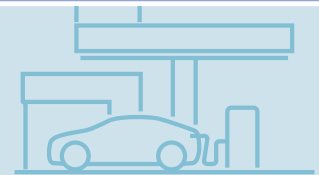
FUEL	CONVENIENCE	CARDS
<ul style="list-style-type: none"> Engen Primax Unleaded Engen Dynamic Diesel 50ppm 	<ul style="list-style-type: none"> 1Stop 1Plus TruckStop Quickshop Fast Food ATM Banking Car Wash 	<ul style="list-style-type: none"> 1Card



Gasoline	Diesel
Bitumen	Fuel Oil
Jet A-1	Kerosene
Chemicals	Polymers

RETAIL

We continuously deliver quality fuel products and a diverse range of convenience services at our 1 000+ service stations





COMMERCIAL

We market a wide range of quality petroleum products to various customers, spanning the agriculture, aviation, construction, fleet, chemicals, mining and marine industries.



We offer consumers convenience services at many of our 1500-plus service stations. **This is achieved via our 800-plus QuickShop and various other partner brands...**

	LUBRICANTS
	Our range of premium Lubricants are backed by intense R&D on Fluid Technology Solutions ensuring that engines work longer and efficiently.
	INTERNATIONAL BUSINESS DIVISION
	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.

KEY STRATEGIC BRANDS	Passenger Car Motor Oils	
<ul style="list-style-type: none"> Engen Xtreme PETRONAS Syntium Engen Diesellube PETRONAS Urania Engen Gengear AdBlue (Air1) 	Automotive Functional Fluids	Industrial and Marine Lubricants
FULLY BRANDED OUTLETS	Motorcycle Oils (4T, 2T)	Commercial Vehicle Lubricants
The Engen Oil Centre		



FUEL	CONVENIENCE
<ul style="list-style-type: none"> Engen Primax Unleaded Engen Dynamic Diesel 50ppm Bitumen Jet fuel Lubricants 	<ul style="list-style-type: none"> Quickshop Fast Food ATM Banking
CARDS	
1Card	



How We Create Value

We generate profit by efficiently sourcing and processing crude oil to provide our consumer and industrial customers with petroleum products and related convenience services. Our competitive

differentiation rests in our manufacturing processes, the size of our storage, distribution and retail networks, the quality of our products and services, and in how we manage our cost base.

OUR COMPETITIVE ADVANTAGES		OUR KEY RESOURCES
BUSINESS MODEL	Strong Financial Position <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 <ul style="list-style-type: none"> • Possess more than 1 500 Engen stations and 805 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 <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 <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 <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 <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

Strong Financial Position: For more information, please refer to *Delivering Long-Term Value* on page 107
Extensive Business Reach: For more information, please refer to the *Engen Business* section on pages 43 to 51
Integrated Value Chain: For more information, please refer to *Integrated Value Chain* on page 47

We generate profit by efficiently sourcing and processing crude oil to provide our consumer and industrial customers with petroleum products and related convenience services.

HOW WE CREATE VALUE	IMPACT TO STRATEGY
Investors <ul style="list-style-type: none"> • Sustainable dividend • Capital growth on investment 	<ul style="list-style-type: none"> • Volume and non-fuel income growth • Margin maximisation • Operational excellence
Customers <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 • Margin maximisation • Customer promoter score
Suppliers, Dealers and Business Partners <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
Employees <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 • Volume growth • Margin maximisation • Zero non-compliance
Government <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 • Volume growth • Margin maximisation
Communities <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 • Volume growth • Margin maximisation

Performance-Driven Workforce: For more information, please refer to Our People on pages 70 to 81

Strong Stakeholder Relationships: For more information, please refer to Our Key Relationships on pages 58 to 62

Leveraging Innovation: For more information, please refer to Our Relationship With PETRONAS on page 42

How We Sustain Value

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

In 2015, the world adopted the 17 Sustainable Development Goals. When we look at these goals, we realise that sustainability is more than the sustainability of the business 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 five sustainability capitals, with Engen playing a significant role in some. These include:

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

We strive to continually enhance our value creation, while addressing the negative impacts across the five 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 above is embedded in how we do our business, and reflected in our corporate value system.

We therefore continue to provide affordable alternatives to traditional solid state energy sources or heating. We continue to contribute to economic growth through access to energy. We continue to provide these

services through a range of customer-focused offerings, and in a manner that recognises the value of our ecosystems and social stratifications everywhere we operate.

We also aim to make continual improvements towards sustainable social capital in sub-Saharan Africa and the Indian Ocean Island countries where we operate. In some areas there are challenges with skills availability and the creation of decent jobs, and we believe it is critical for business to make a positive impact by being an active participant in community development. This eventually contributes to poverty

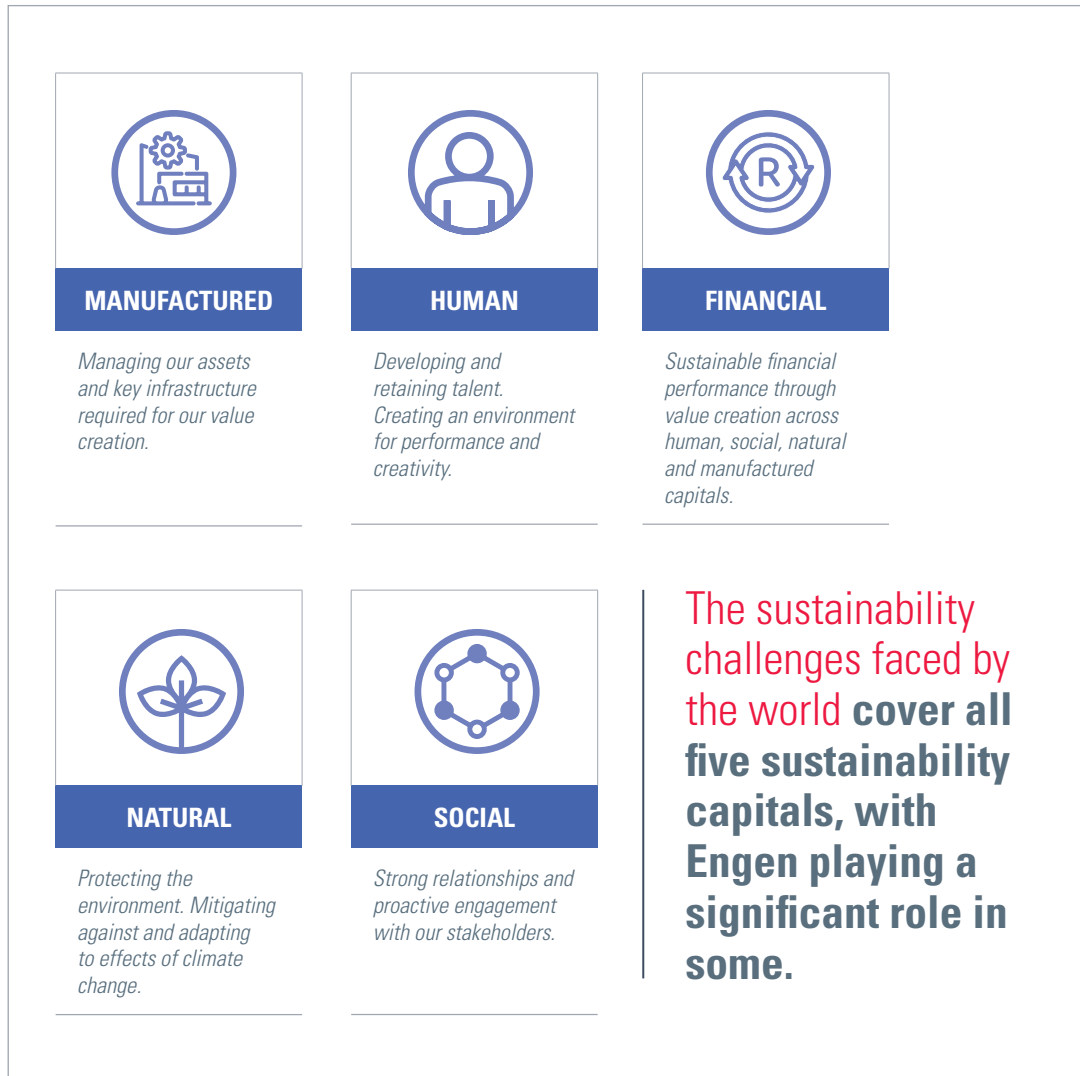
alleviation and leads to vibrant communities.

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 four sustainability capitals.

The 5 Capitals

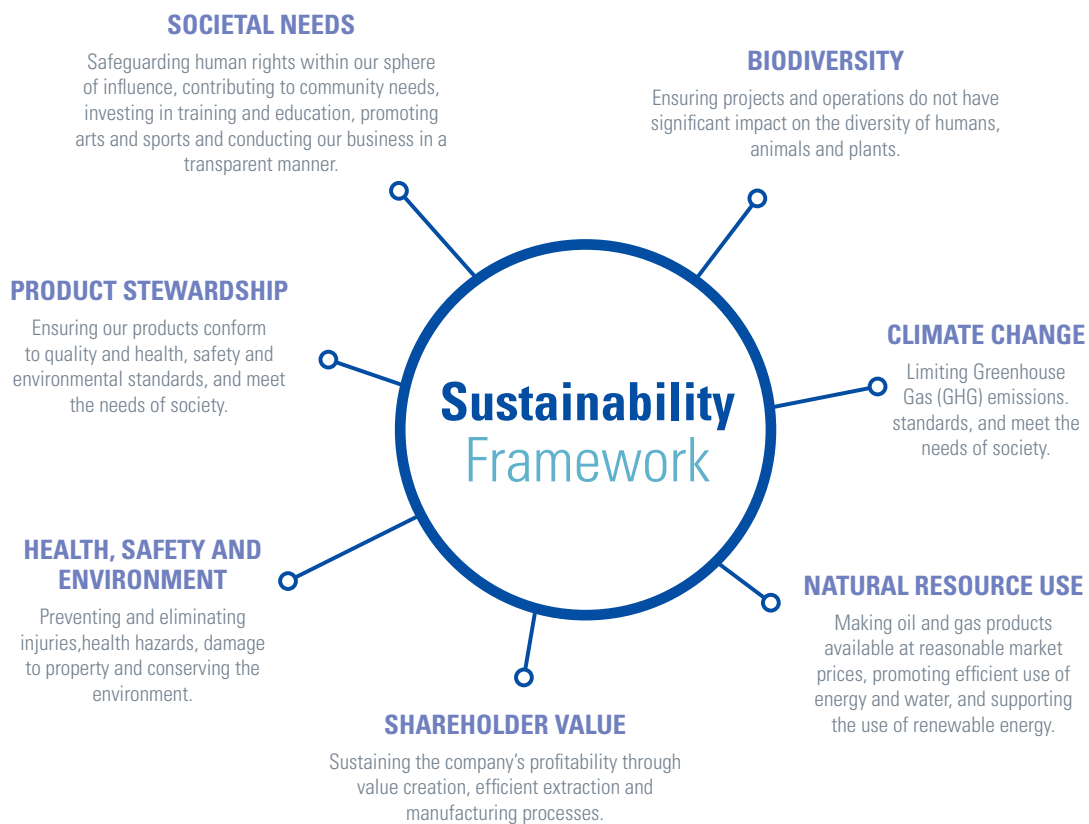


* Intellectual Capital is not covered. This is because we do not own applicable patents, licensing or research and development capability to report effectively.

Sustainability Framework

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

Central to this framework are the seven key results areas where we continually seek to make an impact.







Pictured Above: PETRONAS President & Group Chief Executive Officer, Tan Sri Wan Zulkiflee Wan Ariffin (Left) shakes hands with General Manager: Refinery, Jehan Zaib (Right) at the unveiling of the Engen Refinery's CHD Reactor in November 2017.



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.


		
	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	Salaries paid to Employees R2 350m * 2016: R2 074m	Paid To Equity Capital Providers R2 378m 2016: R471m

* From continuing operations.

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

Engen operates in a complex industry within equally complex societies. We therefore place emphasis on ensuring that our operations and social interventions contribute meaningfully to socio-economic

... we strive to have mutually beneficial relationships with all our stakeholders to help ensure our sustainability, along with a prosperous future for broader society.

		
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 – Engenoil.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 R1 543m * 2016: R1 487m</p>		<p>Social Investment R35m 2016: R30m</p>

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.

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 the 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, Engen is 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.

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

Provincial and Municipal Engagements

Bushbuckridge (BBR) Integrated Energy Centre

The construction of the Integrated Energy Centre (IeC) has been completed and it should be opened for operation during the second quarter of 2018.

Its main purpose is to provide much-needed energy services to these remote areas, and also facilities that will be used for targeted community development programmes, and for 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 RSA Oil Majors, as mandated by the Department of Energy.

Enref Community Stakeholder

Engen continues to engage communities in and around the 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.

Our Material Issues/Risk

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

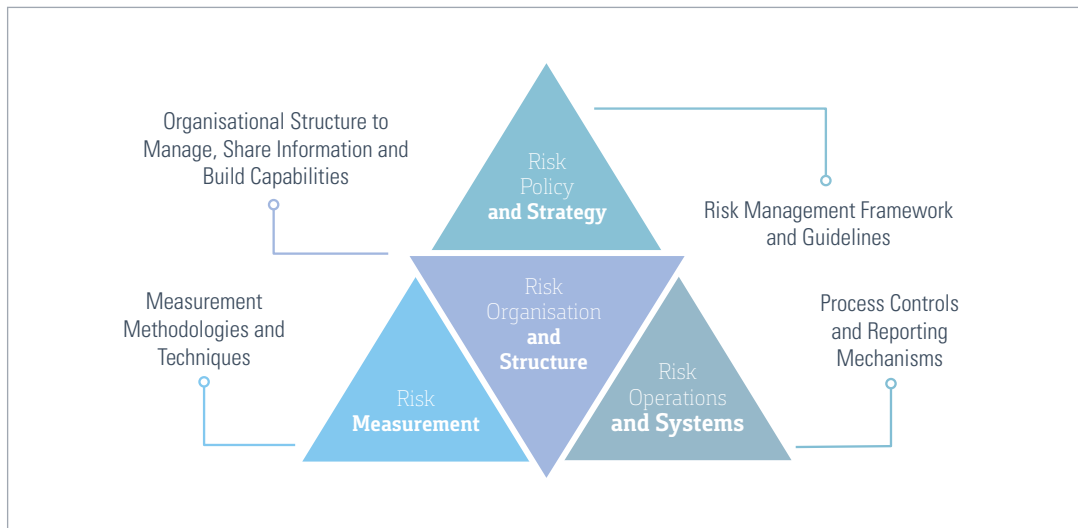
Our Approach

We have adopted an effective Enterprise Risk Management philosophy known as PRM (PETRONAS Resilience Model), and use the Barnowl System to identify, assess, 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 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 of Directors oversees our Enterprise Risk Management process. The Board's Audit, Risk and Compliance Committee ensures it complies with the relevant standards and industry norms, and that it is applied effectively across our business to achieve an acceptable risk profile for Engen.



Our Risk Governance Framework

Our risk profile is a critical element of our business strategy. Through our policy, 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.

Previously, each of our operational divisions and key support functions had a Risk Management Office. But since the introduction of Full Potential, the co-ordination of risk management has been centralised back to ERM (Enterprise Risk Management), based within the ERA Division. The corporate risk department oversees all risk management activities across the business, and manages strategic mitigation responses.

HSEQ Risk Management

Engen's HSEQ risk management framework is governed by a multi-pronged approach, and is based on procedures and processes aligned to the applicable PETRONAS Technical Standards (PTSs) and the PETRONAS resilience model.

At a strategic level, the potential high-risk impacts to People, Environment, Assets and Reputation (PEAR) are proactively identified. These risks are then risk-ranked according to defined criteria, and the mitigations are identified, assigned to relevant people with the right skills set, and monitored for closure.






At an operational level, a hazards and effects management process (HEMP) is applied at facility level to effectively identify and control HSEQ risks. This process integrates various risk assessments conducted at Engen facilities to ensure that risks are adequately identified, ranked, and applicable controls implemented. Periodic review ensures that the risk registers remain relevant and updated for effective implementation of the identified controls.

The strategic HSEQ risks for Engen were reviewed during FY2017, and mitigations identified together with key stakeholders to ensure the identified controls were adequately implemented.

The effectiveness of the abovementioned controls are continually assessed using multi-tiered assurance activities. Engen Corporate HSEQ continues to govern HSEQ assurance through execution of Tier 2 risk-based and systems audits as well as the monitoring of credible closure of Tier 1 (site level audits), Tier 3 (PETRONAS audits) and external audits.

Our key risks are monitored through
**a well-established and entrenched risk
management system and process.**

Our Top Risks

	Risk	Detail	Ref.
	<p>Social and Relationship Capital: <i>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.</i></p>	<p>There are several new regulations covering the environment, labour, shipping, energy, and privacy that are in the process of development.</p>	Page 82
	<p>Financial Capital: <i>Risk of loss of profit and market position due to the evolving business environment.</i></p>	<p>The evolving business environment includes changes in product regulation, challenging economic conditions associated with low GDP growth as well as growing competition in the sector. This means businesses must relook their value creation process and optimise their positive impacts on the sustainability capitals.</p>	Page 107
	<p>Manufactured Capital: <i>Risk of equipment and infrastructure failure leading to injury and loss of product.</i></p>	<p>The prevention of major fires, and major product and oil spills is extremely important to us. In the event that these events occur, recovery and review of our systems to prevent future recurrence forms part of our operational culture.</p>	Page 64
	<p>Human Capital: <i>Risk of a high impact incident leading to injury or loss of life.</i></p>	<p>We constantly review and update our systems to continuously improve and learn from any incident. Through the application of our HSEQ-MS and MCF we aim to deliver value to our stakeholders with high standards of safety and care.</p>	Page 70
	<p>Natural Capital: <i>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.</i></p>	<p>The recent El-Nino climate cycle presented a clear indication of the risks associated with resource supply uncertainty in Southern Africa. The impacts are economy-wide with socioeconomic implications.</p>	Page 90



Continuous Operational Improvement

Our Equipment and Infrastructure incorporates
our Refinery, supply chain and retail network.



The Engen Refinery continued to extend its run of outstanding performance in 2017. **Refining margins were strong for most of the year, weakening towards year-end as crude oil prices rose.**

Refining

The enablement of processing alternate West African crude varieties led to increased white oil yield and margin improvement.

This performance was underpinned by mechanical reliability, with our Refinery achieving 99.6% versus a plan of 94.6%.

Our Refinery safely completed a turnaround of the Alkylation Unit two days ahead of plan and below budget in 2017.

Through improvements and optimisation of the operating units, our Refinery also achieved a record sixteen-month run length between outages. This was a further improvement on the previous run length of 13.5 months, coming off a base of only nine months.

The combination of better reliability and shorter outages enabled our Refinery to achieve an Overall Equipment Effectiveness (OEE %) of 99.7% versus our plan of 94.3%.

The year under review also saw encouraging success achieved through collaboration with other divisions within Engen to leverage opportunities in the supply chain and product offering.

Two examples stand out. The first is the introduction of a new solvent: Engen's F1926, a high flash mining solvent. The second is the fast-tracked project to install a new diesel reactor, which enabled the Refinery to manufacture its entire diesel production to 50-ppm sulphur specification. This project was safely completed a month ahead of schedule and below budget.

In one of our sustainability initiatives, the Refinery is progressing a reverse osmosis project to reduce the consumption of potable water

2017 Highlights

- **Strong operational performance** – safe and reliable
- **New diesel reactor commissioned** – 100% production of 50ppm sulphur diesel

The supply chain division is responsible for ensuring **the security of supply and that all of the fuel requirements for customers are met**



Supply

The supply chain division is responsible for ensuring the security of supply and that all of the fuel requirements for customers are delivered to them on time, at lowest cost and with no compromise for HSEQ.

The supply chain division is also responsible for the international procurement of the crude oil for the Refinery's feedstock as well as importing additional fuels, which cannot be sourced locally.

In addition, Supply Chain includes all of the terminals and depots, and distribution and bulk transport centres that service our network of retail service stations and commercial customers.

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

Engen has put in place the building blocks to secure a watertight end-to-end supply chain that cuts costs, improves work efficiencies and maximizes profits. At issue is Engen's reliance on third party infrastructure, which often leaves the company struggling to service customers timeously and cost effectively in the face of stock out, shutdown and transport complications.

Two fundamental strategies to ensure adequate preparation in this complex environment, include:

1. *VFS (Value Focused Supply) which works to promote collaboration/ integration across the value chain to ensure teams drive toward common goals i.e. operational excellence and reduce cost to serve in achieving greater revenue, supply stability and reduce value leakages by minimising inefficiencies and*
2. *S&OP which formally addresses end-to-end supply.*

We identified key inland terminal and depot facilities for upgrades and completed the bulk of these by 2017.

This included the upgrade of our Rustenburg depot, which saw the construction of two new tanks.

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

The commissioning of this new capacity was finalised by early 2017.

In August 2017, we entered in a long-term throughput arrangement at Burgan Cape Town Terminal. This provided us with additional storage capacity in the area.

We have also secured additional capacity in both Durban and in the Gauteng area that will stream in the next couple of years.

This will ensure that we continue to have the ability to secure supply to meet our growing market requirements and alleviate any short-term supply disruptions.



Engen Fuel Capacity Optimisation

The EFCO investment programme's objective is to increase the supply chain capacity in order for Engen to meet demand and optimise its operations by making the necessary interventions in the supply chain capacity, which are in the form of new or expanded infrastructure at strategic areas of the supply chain.

The New Multi-Product Pipeline (NMPP) feeder pipelines at Island View, which is one of the key initiatives of this programme, was fully completed and commissioned in July 2017. This enabled connectivity to the Transnet NMPP pipeline, which provides optimal access to the RSA Inland market, Engen's largest fuels market in the country. With the commissioning, it ensures Engen has security of supply to the Gauteng and inland South African markets, as well as neighbouring countries dependent on this

The EFCO investment programme's objective is to increase the supply chain capacity **in order for Engen to meet demand and optimise its operations.**

supply corridor for their liquid fuels requirements.

The other capacity upgrade initiatives that are key to Engen's inland supply corridor are Engen's Gauteng and inland terminal and depot facilities. As mentioned on page 66, this included the completion and commissioning of two new tanks at the Rustenburg depot in 2017, as well as completion and commissioning of the tank expansion projects at the Pretoria Pipeline Terminal (Waltloo) and Witbank Pipeline Terminal to address the growth in demand in these areas. This will also enable enhanced supply during peak demand.

In addition, participation in the Alrode Pipeline Terminal was initiated in 2017, with this project breaking ground and

completing the new tank foundations at the end of 2017. This investment will provide Engen with adequate capacity for anticipated growth in demand in the coming years, as well as address supply constraints being experienced in the short term.

Engen still needs to cater for additional tankage capacity provisioning in the Port of Durban. However due to uncertainty on Transnet's Island View Lease strategy, Engen could not proceed with further expansion projects that were planned. The feasibility of these expansion projects will be assessed in 2018.



Retail

With an estimated 26% share of the South African fuel market, and approximately 1 023 active service stations, Engen is the largest fuel retailer in the country. Despite our market leading status, our executive management challenged us to increase Engen's market share in 2017.

The Retail division built 10 new sites during 2017, the best performance achieved in Engen's history. In addition, Retail also completed five knockdown rebuilds, and added 13 new Quickshops to the network, with a further two 1-Stops being revitalised.

With an estimated 26% share of the South African fuel market, and approximately 1 023 active service stations, **Engen is the largest fuel retailer in the country.**

The retail fuel industry combined, on average, adds an estimated 15-20 new service stations per annum in South Africa.

By identifying new locations and constructing new sites in growth areas where Engen is typically under-represented, Retail is ensuring the company expands its footprint.

Retail also undertook to reimage 53 sites to the blue image, and

installed LED lighting at 55 sites, thus allowing Engen service stations to have a consistent look and feel, and offering a welcoming and safe appearance.

With another aggressive new site programme planned for 2018, Engen's market share is likely to edge up.



Creating a Sustainable Future

To us, sustainability means finding the right balance between **financial prosperity, social equity and environmental performance.**

Our People

Recruiting good people is no longer enough in today's reality of intense competition, shifting markets and changing rules of the game. In order to also retain, and to support and prioritise our own people, we fine-tuned our Full Potential strategy, a clear initiative to ensure we are ready to respond to new challenges and opportunities.

As part of efforts to support the strategy, which is aimed at stretching everyone's limits to ensure maximum efficiencies, our Human Resources specialists also recognised that it was time for a new approach to talent management, both within the company and in terms of future recruitment.

Our Total Workforce

	Contractor				Permanent				Grand Total			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Non-SA	34	30	47	43	564	643	594	558	598	606	641	601
SA	473	374	574	379	2 951	3 298	2 866	2 505	3 424	3 528	3 440	2 884
Total	507	404	621	422	3 515	3 941	3 460	3 063	4 022	4 022	4 081	3 485

Developing Our Talent

We prioritised an integrated Talent Management Framework to help 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 short, the focus of the new framework is aimed at seeing improved strategies for:

Recruitment. | Remuneration. | Development. | Engagement. | Retention of talent.

Our immediate focus areas are succession planning for Business Critical Positions, development of internal talent pipelines to occupy critical positions to our operations, and preparing our top talent to drive strategic advantage initiatives and focus on business sustainability.

Even though we did not achieve full points on Skills Development as required by the B-BBEE Codes of Good Practice, we are proud to say that in 2017, we continued to deliver training to build our pipelines for critical skills to cement the competency of our workforce and more than 80% of our staff underwent professional development training.

Table 1: Breakdown of South African skills development beneficiaries from 2016 - 2017

Skills Development	Year				
		A	C	I	W
Training Beneficiaries	2017	1271	488	269	227
	2016	1449	647	455	364

Graduate Development Programme (GDP) and Learnership

Our graduate programme, aimed at exceptionally talented but previously disadvantaged young people, offered 20 graduates the opportunity to hone their business acumen during 2017. Thanks to the mentorship of some of our most dedicated and committed leaders, they spent the year gaining vital experience about the working world.

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

Below is the Learnership Breakdown for Unemployed People in 2017, detailing areas of expertise.

Learnership Programmes for unemployed people	Males				Females				Grand Total
	A	C	I	W	A	C	I	W	
Business Administration Level 3	0	1	0	0	21	2	0	0	24
Chemical Operations Level 3	18	4	6	1	11	2	2	0	44
Diesel Mechanic Apprenticeship	0	0	0	0	2	0	0	0	2
Electrical Apprenticeship	4	0	2	0	4	0	0	0	10
Electrical Learnership Level 4	2	0	2	0	4	0	0	0	8
Fitter And Tuner Apprenticeship	3	0	5	0	2	1	0	0	11
Graduate Development Programme	9	0	1	1	18	2	2	0	33
In-Service Trainee	1	0	0	0	1	0	1	0	3
Instrument Mechanician Apprenticeship	3	2	3	0	4	1	0	0	13
Measurement, Control and Instrumentation Level 4	3	0	2	0	2	0	0	0	7
Mechanical Fitting Level 4	4	0	1	0	2	0	0	0	7
National Certificate Professional Driving NQF 3	22	0	0	0	6	0	0	0	28
Welding Level 4	3	0	0	0	0	0	0	0	3
TOTAL	72	7	22	2	77	8	5	0	103

Feature Story

It took Engen's Tevin Richard seven years to achieve his dream

Growing up in Merebank outside Durban, close to Engen Refinery, Tevin Richard dreamt of becoming an engineer and being able to change his world for the better.

Tevin attended Merebank Secondary School where he found that "maths and science just made sense" and discovered that these subjects - in which many struggle - were fun and exciting to him.

Tevin's father - a supervisor at Mondi Papers - and his stay-at-home mum encouraged Tevin to excel in his favourite subjects. "I managed to play soccer and cricket and volleyball, so it wasn't all work," Tevin acknowledges, "but often my mum would have to get me to stop studying and just chill'.

It was this work ethic that led him to attain an Engen Study Bursary, without which - he believes - his parents would not have been able to afford the high cost of his and his sister's tertiary education.

Tevin's path to receiving the bursary was set over his last three years of secondary school, when he dedicated his Saturdays to attending the Engen Maths and Science Schools (EMSS) Programme hosted at Fairvale Secondary School in Wentworth.

At EMSS Tevin discovered how maths and science can open up a whole new world, and in his final year, he was the top student on the EMMS Programme. On completing his matric, he applied for and received an Engen Bursary to study towards a B.Sc. in Chemical Engineering at the University of KwaZulu-Natal. As part of the bursary programme, Tevin partook in vacation work at Engen which provided him with invaluable work experience and an income whilst completing his degree.



It was this work ethic that lead him to attain an Engen Study Bursary...

Having graduated from university at the end of 2016, he joined Engen's Graduate Development Programme, working at the Engen Refinery in the Process Technology Department.

Tevin has since taken to working life seamlessly and has found working on new products and processes to be hugely exciting. "Putting the theory into practice has been very rewarding, as has looking for new ways to solve problems and working on ground-breaking technology that will ultimately benefit motorists," says Tevin.

Tevin is no stranger to hard work. Whilst "living the dream" for which he sacrificed many long hours, Tevin plans to reach his next goal by studying part-time for a Masters' Degree. He is also determined to get his Professional Engineers accreditation within the next five years. At the same time, he harbours a burning desire to develop processes and products that become game changers for the world.

Today Tevin still lives with his parents in Merebank, a short drive from the Engen Refinery, from where he continues to create a brighter future, by applying his talents to creating products and processes that advance Engen's goal of providing quality petrochemical products that drive the wheels of the South African economy forward.

Feature Story

Mdantsane proves the perfect laboratory for Engen's Kanyisa Royana

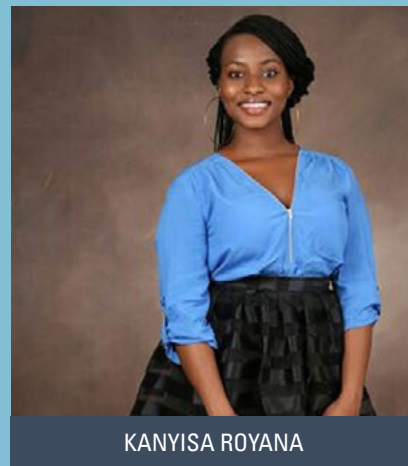
Kanyisa Royana grew up with her two girl cousins (her sisters) in Mdantsane, 15km outside East London. They lived with their grandmother and grandfather – who passed away in 2009. From thereon, her gran supported them and became beloved mother and father to them in their home.

This example of tireless love and fierce determination taught Kanyisa to always give of her best, which she did throughout her schooling at Nyameko High School. Kanyisa scored straight As during high school and her accomplishments led to her being invited by Engen to attend the progressive Engen Maths and Science Schools (EMSS) Programme hosted at the University of Fort Hare campus.

At Fort Hare Kanyisa excelled and thanks to her performance (and straight As) she was offered an Engen Bursary to study for her B.Sc. degree in Maths and Chemistry.

Few education success stories begin where Kanyisa's story did, but she believes that God gave her abundant talents to use to the best of her ability. Having given her very best meant that she graduated from university at the end of 2016 with a coveted Bachelor of Sciences degree.

Thanks to joining Engen's Graduate Development Programme - Kanyisa now finds herself 'in heaven'. Today she works in her favourite place: Engen's highly sophisticated Chemistry laboratory, where she tests motor oils, fuels and lubricants. Working at Engen's Lubricating Oils Blend Plant in Durban, Kanyisa's ability to master the science of analysis is invaluable. And she is doing what she loves: grappling with seeing and understanding what the



KANYISA ROYANA

... thanks to her performance (and straight As) she was offered an Engen Bursary to study for her B.Sc. degree ...

eye cannot perceive.

Kanyisa sees her God in Science and through Science she sees the beauty of the world. She would like to become a professional scientist one day, putting her love for her scientific world to discovering how God has connected it all. "I would love to find or develop something that makes this world a better place," she says.

Should Kanyisa do so, she would be honouring her beloved grandmother, her heroine, who continues to make her world a better place. And whilst the two now live some distance apart, there is still no place like home for Kanyisa. After all, Mdantsane has proven the perfect laboratory for her talents. Both Mdantsane and Kanyisa's granny can take pride in an accomplished daughter who now works in a world-class laboratory testing and analysing products that advance Engen's goal of providing quality petrochemical products that drive the wheels of the South African economy forward.

Leadership Development

To boost the skills of our own supervisors and middle management, we partnered with different providers to equip them with additional leadership competencies and industry-related knowledge via different management development programmes.

The company's changing strategy has made it necessary for us to revise our leadership competencies, and in 2018 we will reconsider our strategy in this regard to formulate a new Leadership Development Framework that will take us into the future.

Capability Development

2017 was the year we focused our capability development initiatives in critical areas, in order to enable the Full Potential transformation.

These areas were:

- *Operations: Thanks to the Operations Academy, established in 2014, we continued assessing and developing our core skills to benefit 70% of our operations staff in the period under review. Other targets achieved were the completion of 50% of our competency assessments, and accrediting 90% of managers and supervisors as assessors.*
- *HSEQ (Health, Safety, Environment and Quality excellence): During our HSEQ practitioners were assessed on the Generic Ruler, and we achieved 90% closure of identified gaps.*
- *Sales: Our sales staff were also assessed on the Generic Ruler, and in 2018 the focus will be on closing the gaps that were identified.*

As we go forward into 2018, we will continue this focus, as well as introduce People Development Committees, paying attention to the different skills groupings within our business.

The company's changing strategy **has made it necessary for us to revise our leadership competencies.**

Collective Bargaining

Maintaining a harmonious relationship with our employees is key if we are to achieve our business goals. Our staff are encouraged to participate in constructive discussions with our management through various consultative engagement structures, and 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.

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 Engen's commitment to contribute to the socio-economic 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.

Our staff are encouraged to participate in constructive discussions with our management **through various consultative engagement structures.**

The Employment Equity Report 2016/17, submitted to the Labour Department on December 20, 2017, sets out our company's progress towards equitable representation from August 1, 2016, to July 31, 2017. This marked the third year of the implementation of Engen's Five-Year Employment Equity Plan, which runs until 2019.

2017 Highlights

- **Engen South Africa's workforce comprised** 50.9% Africans, 21.8% Coloureds, 14.9% Indian, 11.3% Whites, and 1.2% Foreign Nationals.
- **Since 2014, black management representation increased by 5.7%**, female representation was up 3.2%, and the representation of staff with disabilities improved from 1.6% to 2%.

2017 Workforce Profile – South Africa

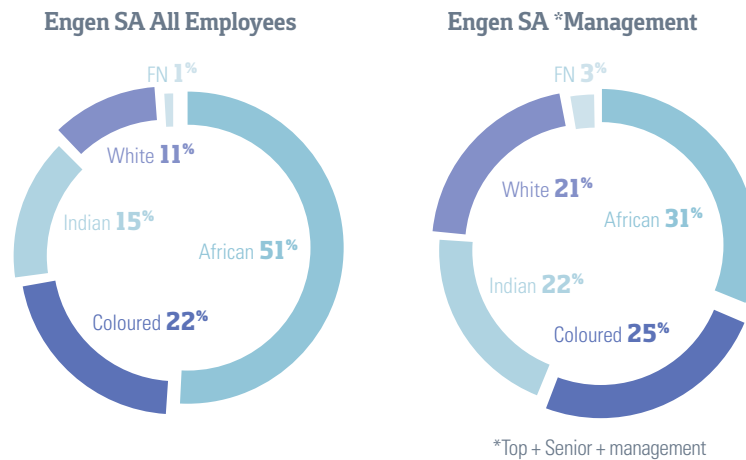
Occupational Levels	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
Top Management	1	1	1	3	3		1		3		13
Senior Management	23	15	16	25	9	7	3	9	8	2	117
Professionally qualified	182	155	161	122	114	81	33	62	12	4	926
Skilled technical	299	134	107	56	264	123	45	39	2		1069
Semi-skilled	518	95	63	12	89	31	9	6	1	2	826
TOTAL PERMANENT	1023	400	348	218	479	242	91	116	26	8	2951
Temporary employees	9	12	10	9	11	11	13	3	3	0	81
GRAND TOTAL	1032	412	358	227	490	253	104	119	29	8	3032

Employees with Disabilities

Occupational Levels	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
Top Management		1									1
Senior Management		1		1							2
Professionally qualified	2		2	7	1	1		1			14
Skilled technical	6	5	3		6	7	1	1			29
Semi-skilled	3	3	1	1	3	2		1			14
TOTAL PERMANENT	11	10	6	9	10	10	1	3			60
Temporary employees											
GRAND TOTAL	11	10	6	9	10	10	1	3			60

(July 31, 2017, statistics as reported to the Department of Labour)

Engen Workforce Profile by Race & Nationality - 31 July 2017



Engen is cognisant of the benefits of a diversified and competent workforce. Our recent organisational restructure in 2017 has afforded us the chance to better understand what areas in our workforce remain most in need of diversification, and to revise our existing employment equity plan accordingly.

Our recent organisational restructure in 2017 **has afforded us the chance to better understand what areas in our workforce remain most in need of diversification.**

Organisational Health

Engen's organisational health service (as opposed to occupational health only) comprises a wide collection of health-related activities across the entire organisation, dovetailing with risk management, legal compliance, human resources, and industrial relations.

The graphic below illustrates the value of this organisational health service. Note that talent attraction is included because the employee wellness and incapacity support services reinforce our position as an employer of choice. They also strengthen the employee value proposition, so allowing us to attract the best talent possible.

Occupational Health Services

While our main occupational health challenges have traditionally been chemicals, noise and ergonomics, the demanding and changing world of work in 2017, along with the demands of personal circumstances on employees who are under constant pressure, has seen fatigue and stress emerge as significant new risks we have to manage. This became a focus area for the supportive wellness services throughout the year, and we will focus more on this area under the Employee Wellness section.

In compliance with the South African Occupational Health and Safety Act (OHSA) and related legislation in other African countries, Engen conducts regular



workplace health risk assessments and exposure surveys, known collectively as the industrial hygiene programme and performed by approved inspection authorities. In addition, the health team conducts biological monitoring of exposure to augment the air measurements, in order to provide a comprehensive understanding of exposure.

Our medical testing programme, with its dual objective of fitness-to-work assurance (fitness certification) and screening for occupational diseases (medical surveillance), continued as usual during 2017. Note that while all Engen staff are offered annual health screenings, not all screening is mandatory. For those who do not perform safety-sensitive work, or are not exposed to significant occupational health hazards, the screening is voluntary and is aimed rather at personal health risks. This is part of the Employee Well-being Service, which is covered below.

Employee Wellness Services

Our aim here is to optimise the general health of our staff, through awareness and education, identification and control of personal health risks, and supportive/rehabilitative care where necessary.

Controlling chronic diseases contributes significantly to our sustainability, having a dual positive effect: For all staff, it halts progress of disease to impairment and disability, and for those involved in safety-sensitive work, it reduces the likelihood of accidents. Employees with chronic diseases are monitored by Engen's occupational health staff and, where applicable, registered on the Engen Medical Fund's chronic disease risk management programme. This close interaction between staff, occupational health staff, line managers, a network of selective service providers and the Engen Medical Benefit Fund, plays a crucial role in safeguarding employee health.

As Engen progressed through some challenging business changes in 2017, the Wellness Services were supported by Careways, which provided a 24/7 call line, counselling and referral, and intermittent crisis support.

Incapacity and Disability

Our Organisational Health staff play a pivotal role in supporting the HR processes for employees who are unable to continue working for extended periods, as a result of health challenges. These processes include innovative insurance cover requiring interaction with an outside insurer and line managers, with rigorous case management aimed at optimised return to work.

Safety

Engen continues its efforts to create a safe working environment throughout all facilities, with key focus areas in:

- *Process Safety Management to prevent serious safety incidents;*
- *Improving Road transport related safety performance;*
- *HSEQ Contractor Life Cycle Management process; and*
- *Reinvigoration of HSEQ Culture.*

Process Safety Management

The application of these management principles and systems is for the identification, understanding and control of process hazard in order to prevent process related incidents. Under this Process Safety Management the focus is on barrier management.

Several key initiatives have been rolled out to ensure a systematic way of identifying risks and ensuring the correct barriers are put in place. These initiatives include the Hazards and Effects Management system, the Process Hazards analysis, the Major Hazards installations reports, Instrumentation Protective Failure reports and all other technical risk assessment reports, to ensure that these are conducted and the recommendations that are identified are formally tracked through our systems as continual improvement, actioned and closed off correctly.



Other processes that are continuing as part of barrier management are Process Safety Information, Management of Change (MOC) and Pre-Activity Safety Reviews, to ensure proper management is applied to prevent adverse effects from changes or major activities that could introduce hazards and incidents. This ensures safeguards on such changes to produce intended benefits without adverse side-effects and all the potential risk exposure arising from a change are identified and evaluated and all the appropriate control measures are determined and put in place.

As part of the PETRONAS process we have been participating in three areas: Process Safety Management of Loss of Primary Containment (LOPC's), Fire Prevention and Mitigation Framework (FPMF) and Management of Change (MOC) identified as high risk of barrier management. These three areas are tracked internally on an ongoing basis and reported on.

Reinvigoration of HSEQ Culture

Engen continues to seek new ways and methods to enhance Safety and HSEQ Culture through different initiatives. Engen continued re-invigorating its HSEQ culture during 2017, through embarking on surveys conducted amongst all Engen staff but also specifically targeting Supply Chain to understand improvements required for safety culture. Two surveys were conducted, one as part of the 'Let's Comply and Intervene' initiative, which focused on areas of improvements across the business. Use of the PETRONAS Culture Belief Tell Me in the Supply Chain initiative provided appreciative feedback for

safe behaviours and constructive feedback for unsafe behaviours focusing. Plans have been put in place to enhance Visible Felt Leadership and Behavioural Safety during 2018 as the continuation of this journey.

Land Transportation and Distribution

Engen initiated a 14 point land transport plan during 2017 to reduce the number of land transport incidents.

This plan was developed around the risk areas identified from the investigations conducted on each incident.

Journey Management Plan and Bulk Truck Operator training were identified as areas of importance and were prioritised in the implementation of the plan.

Contractor Management

The contractor HSEQ management process was revisited as part of the New Ways of Working process. The new business process for HSEQ Contractor Management was extensively researched and agreed on with all stakeholders. Implementation commenced on 1 December 2017.

The performance evaluation and risk assessments for contractors' work was identified as priority for implementation. The new process will be rolled out to all contractors that work for Engen to ensure that their safety performance complies with Engen's standards.

Engen continues to seek new ways and methods to enhance Safety and HSEQ Culture **through different initiatives.**



Social Investment

Engen prides itself on being a responsible corporate citizen, and 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. Our corporate social investment (CSI) strategy rests on four pillars – Education, Safety, Environment and Disability, while we also consider ad hoc requests as they arise. As such, we place equal value on our responsibility

to the environment and society, as we do to our shareholders and staff.

All our CSI is conducted to align with our philosophy of “Taking Care Together”, and we work to actively seek out public-private partnerships that help strengthen our commitment to identifying the real needs, then implementing sustainable solutions.

Engen prides itself on being a responsible corporate citizen, and 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.**



9 Maths & Science Schools



Number of learners enrolled: 1 670 in 2017

Matric pass rate: 94% in 2017

Bachelor passes: 67% in 2017

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

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, sourced from 101 feeder schools. The nine EMSS schools across South Africa run classes in the Western Cape, Eastern Cape, Gauteng and KwaZulu-Natal. They provide a high-quality learning experience, including teaching and educational materials. Overall, the EMSS matric class of 2017 attained an impressive 94% pass rate, 67% of which were Bachelor passes.

Another important focus is the pilot Sciences,

Technology, Engineering and Maths (STEM) project, a joint venture between ourselves and the North West Province's Education Department. This began in January 2017 at three schools, with teacher training and Saturday classes for learners interested in pursuing careers in any of the above areas. An expert Maths and Physical Science teacher was allocated to each grade, with the emphasis on hands-on, minds-on teaching and practical work, with the ultimate aim of empowering learners with better and deeper conceptual understanding of their subjects. The pilot operates in terms of three pillars – school support, teacher support, and learner support initiatives. Depending on the results, the programme could be rolled out to other parts of South Africa.

2017 National Grade 12 Results Summary

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	49	0	46	2	1	49	0	0	100%	94%
Cala	53	0	22	10	4	36	17	0	68%	42%
EL	48	0	31	10	5	46	0	2	96%	65%
Fairvale	43	0	37	6	0	43	0	0	100%	86%
Ganges	68	0	45	13	10	68	0	0	100%	66%
Gauteng	73	0	52	15	5	72	0	1	99%	71%
Mantech	125	0	75	36	7	118	0	7	94%	60%
PE	50	0	36	10	1	47	0	3	94%	72%
UKZN	46	0	22	17	6	45	0	1	98%	48%
	555	0	366	119	39	524	17	14	94%	67%

The Engen Driver Wellness Campaign, run annually, aims to **improve Occupational Health and Wellness awareness among long-distance truck drivers...**



Safety

Driver Wellness

The Engen Driver Wellness Campaign, run annually, aims to improve Occupational Health and Wellness awareness among long-distance truck drivers, by encouraging healthy lifestyles and voluntary medical screenings.

In 2017, the campaign ran at 23 sites in five different provinces. They were:

- KwaZulu-Natal, Free State – five sites each.
- Eastern Cape – eight sites.
- Gauteng – six sites.
- Western Cape – four sites.

The following health screenings were offered on site to truck drivers:

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



Paraffin Safety

The groundbreaking Engen KlevaKidz Campaign, to educate rural and township communities about the safe handling and storage of paraffin, was extended in 2017 into 112 schools in five provinces, reaching more than 53 000 learners.

The programme, first launched in 2008, uses a form of theatre to transmit the vital messages to prevent common paraffin-related accidents. Proof of its efficacy came from research we commissioned in 2011 to benchmark the “before and after” of the KlevaKidz campaign. It showed an increase in awareness from 24% to 90% among targeted learners, and changed behaviour in more than 80% of participants.



The programme, first launched in 2008, uses a form of theatre **to transmit the vital messages to prevent common paraffin-related accidents.**



People With Disabilities

In 2017, Engen donated R2 229 500 to the Breede Valley Association for Persons with Disabilities over a two-year period. The donation was aimed at creating work opportunities and providing life skills to people with disabilities, specifically the youth living in Worcester, Rawsonville and Touws River. Plans for the funding includes supporting income-generating opportunities, such as programmes in hospitality training, arts and crafts, a recycling plant, and a laundromat.

Engen also gave the Eastern Cape Disability Economic Empowerment Trust funding of R2 400 000 over a two-year period to train disabled people for formal employment, self-employment or in entrepreneurial skills.

Employee/Dealer Outreach

Engen's employees and dealers are actively encouraged to participate in community outreach initiatives in their local communities, and in 2017 they got involved in the Winter Warmers knitting challenge. Three separate organisations benefited from the blankets they created.

Staff also supported national fundraising events such as Casual Day and Blind Buddy Day, and both staff and dealers gave generously in response to natural disasters, including the devastating 2017 fires in Hout Bay in the Western Cape, and in Knysna in the southern Cape.





Sponsorships

Our sponsorships continue to be one of the cornerstones on which our brand has been built in the hearts and minds of South Africans, contributing significantly to Engen being named the Number 1 Petroleum Brand in the country for a record seventh consecutive year in the Sunday Times Top Brands Survey.

In 2017 our sponsorships continued to generate

noteworthy returns, including R185,3million in branded media coverage. They also continued directly influencing consumer perceptions of our brand and their buying choices; thanks to our football sponsorships, 73% of people agreed that we are a responsible company that cares. The same study saw 47% of respondents agree that these sponsorships would contribute to them choosing us over our competitors. *(Source: BMI Sport Research)*

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Football

This remains our premier sponsorship programme, and is a key driver in boosting our brand. We continued to sponsor SuperSport United, the national Premier Soccer League team, supporting them to win two prestige 2017 competitions – the MTN8 and the Nedbank Cup, beating out Cape Town City and Orlando Pirates respectively in the two final showdowns. SuperSport also reached the final of the 2017 CAF Confederations Cup, a competition for Africa’s Cup winners, going down to TP Mazembe of the DRC.



This partnership also delivered numerous stakeholder and community engagements during the year, including the Pink Drive breast cancer awareness campaign, and school coaching clinics.

In the year under review, Engen also celebrated our 14th year of supporting youth football, with another successful staging of the Engen Knockout Challenge (EKOC), and the Engen Champ of Champs (ECOC). The EKOC, which has become one of South Africa’s premier youth football tournaments, was played in five provinces in June and July. Since its inception in 2003, more than 30 000 young aspiring footballers from all walks of life have participated in the EKOC, with more than 170 tournament alumni going on to play professional soccer in the PSL and abroad.



Then Engen Champ of Champs youth football tournament, hosted by SuperSport United, was staged in October 2017. Attended by more than 20 local and international scouts from as far afield as Holland, Belgium, France and Denmark, the event offered an important platform for players to showcase their talents to overseas clubs. A total 11 young stars signed professional contracts after the 2017 event, with four players moving abroad.

The EKOC tournament also assists with the training of match officials and administrators.

Motorsport

In 2017 we continued our successful sponsorship of motorsport, which provided us an important stage to showcase products and proof of performance. Engen's motorsport portfolio included naming and fuel sponsorship of the Engen Volkswagen Polo Cup, and we were also the title sponsor of the Engen Xtreme Team, which competes in the Sasol Global Touring Cars (GTC) Africa championship.

Some of the important benefits of our 2017 motorsport sponsorship included:

- Promotion of the Engen brand, and education of the larger market about its superior product performance and innovation in a credible environment.
- A positive business impact on key stakeholder relationships.

The year in review also marked the 21st birthday of the Engen Volkswagen Cup, a race in which the full field of more than 20 drivers are fuelled with Engen's Primax unleaded pump fuel, demonstrating our product in extreme but fitting conditions.

The right combination of talent, speed and support from Engen meant 2017 was another triumphant one for the Engen Xtreme Team, with lead driver Michael Stephen taking home his second consecutive Sasol GTC Africa championship title. Simon Moss finished third overall.

Our motorsport sponsorships also provided perfect networking opportunities over selected race days to build and enhance relationships with key customers in a performance environment.

The year in review also marked the 21st birthday of the Engen Volkswagen Cup, a race in which the full field of more than 20 drivers are fuelled with Engen's Primax unleaded pump fuel...



Protecting the Environment

Natural resources are all critical elements in our process, both directly and indirectly. Water, air and crude are part of the energy production value chain that allows for the refining of that crude into various petroleum products. On the flipside, clean air, water and a sustainable environment are all crucial to the health and well-being of our customers, staff, communities and suppliers. An unhealthy environment affects us all, so we at Engen work hard to get the balance right, putting in place systems and processes to manage and minimise whatever impacts our business may have as we generate value-added products for all our stakeholders.

Our top priority is preventing and managing negative impacts on the environment. However, if these should occur, our policies and procedures enable us to reduce the severity of these impacts, while offering protection to anyone or anything likely to be impacted by the effects of such environmental incidents.

We also engage actively with the relevant regulatory authorities and industry bodies to ensure compliance with applicable laws, while offering credible inputs into new regulatory regimes. In addition, we have

an entrenched culture of risk management, along with a dedicated team focused on Health, Safety, Environment and Quality (HSEQ) assurance. These systems, which we rely on to protect the environment, are assessed regularly, and strengthened as necessary to ensure we stay at the top of our game.

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

- *Water.*
- *Energy.*
- *Climate Change.*
- *Atmospheric Emissions.*
- *Hazardous and Non-Hazardous Waste.*
- *Loss of Primary Containment (LOPC) Incidents (including product spills).*

All Engen sites with listed activities have been issued Air Emissions Licences, **which have been reviewed and updated timeously to maintain legal compliance.**

Soil and Groundwater

The protection of soil and prevention of groundwater contamination continues to be an important aspect of our environmental efforts. With the ongoing drought in various parts of the sub-continent placing some catchment areas at risk of running out of water, the focus on groundwater as a resource has increased. This makes it even more important for us to ensure its protection from contamination.

Our safety systems to prevent incidents such as infrastructure failures and land transportation incidents, that may lead to land contamination, have been the subject of significant focus during the reporting year. These systems focus not only on preventative maintenance, but also on behavioral safety in a bid to prevent incidents from happening in the first place. Among these is our Visible Felt Leadership initiative, which saw leaders from across the organisation make regular visits to operating facilities to engage employees on safety issues.

We also conducted audits of our spill response suppliers to ensure they are properly equipped to respond to events, while minimising any negative effects on the environment. A PETRONAS audit of our management of soil and groundwater exposed minor findings, which have been addressed and closed.

Discussions at industry level are ongoing in respect of ensuring impacts from joint-operated facilities are managed and minimised. We also continue to discuss coordinated spill response for coastal operations. These discussions are aimed at maintaining our readiness should a major event occur in any of the coastal facilities.

Atmospheric Emissions

We are continuing our strong focus on atmospheric emissions in respect of all our facilities. Our Refinery's key emissions are detailed in the table below. A combination of production rates as well as efficiencies and other variable inputs resulted in minor changes in 2017, with the plant maintaining compliance with its emissions licence. We also maintained our compliance status for atmospheric emissions for all our other facilities.

All Engen sites with listed activities have been issued Air Emissions Licences, which have been reviewed and updated timeously to maintain legal compliance. The National Atmospheric Emission Inventory System (NAEIS) submission for all the sites was done within the prescribed timeframes, and passed the audits conducted by the licensing authority.

Refinery Air Emissions

Atmospheric Emissions (tons per annum)	2014	2015	2016	2017
Refinery SO ₂	2 240	2 151	2 150	2083.4
Refinery NO _x	1 044	1 103	1 054	1191.63
Refinery Filterable Particulate Matter *	217	84	83	90.3

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

In a bid to further reduce our Volatile Organic Compound (VOC) emissions, we have installed Vapour Recovery Units (VRUs) at some of our operations. This has the added advantage of improving our material efficiency by capturing carbon that would otherwise have escaped operations into the atmosphere, and bringing it back into circulation. Leak detection and repair programmes are in place at the Refinery and other facilities to help reduce fugitive emissions.

Waste Management

SAP Waste

Implementation of the SAP Waste management system component at all our Depots and Distribution Centres will enable us to account for all generated waste. We use the system to handle waste disposal processes, while ensuring compliance with national and international regulations and laws that are relevant for generation, transport and disposal. Costs are distributed proportionally among the departments within the division generating the waste.

SAP Waste at the Depots and Distribution Centres ensures that the generation, storage, handling,

transportation and disposal of waste is managed in a manner that will not negatively impact the environment, while meeting legal requirements as per the National Environmental Management: Waste Act (NEM: WA) and applicable licence conditions, while also supporting Engen's HSEQ Policy.

Our Refinery is the major source of waste within Engen, and has a comprehensive waste management system in place. The waste that is produced 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 efforts to reduce waste, fluctuations are dependent on projects and shutdown activities where significant amounts of additional waste can be generated. During a shutdown, we take the opportunity to clean out equipment as one of the activities to optimise performance.

The Refinery has also continued with its plans to ensure all waste streams are classified in terms of the Globally Harmonised System. Systems are in place to ensure waste streams are classified as they become available.

Refinery Waste Management (tonnes)		2013	2014	2015	2016	2017
Hazardous Waste	Generated	20 349	9 462	5 278	5 081	7 162
	Recycled	10 242	3 677	1 685	1 155	2 849
	Disposed	10 107	5 696	3 593	3 925	4 313
Non-hazardous Waste	Disposed	10 221	1 778	3 124	1 385	1 193
Total Disposed to Landfill		20 328	7 474	6 717	5 310	5 506

Water Management

Wastewater Management

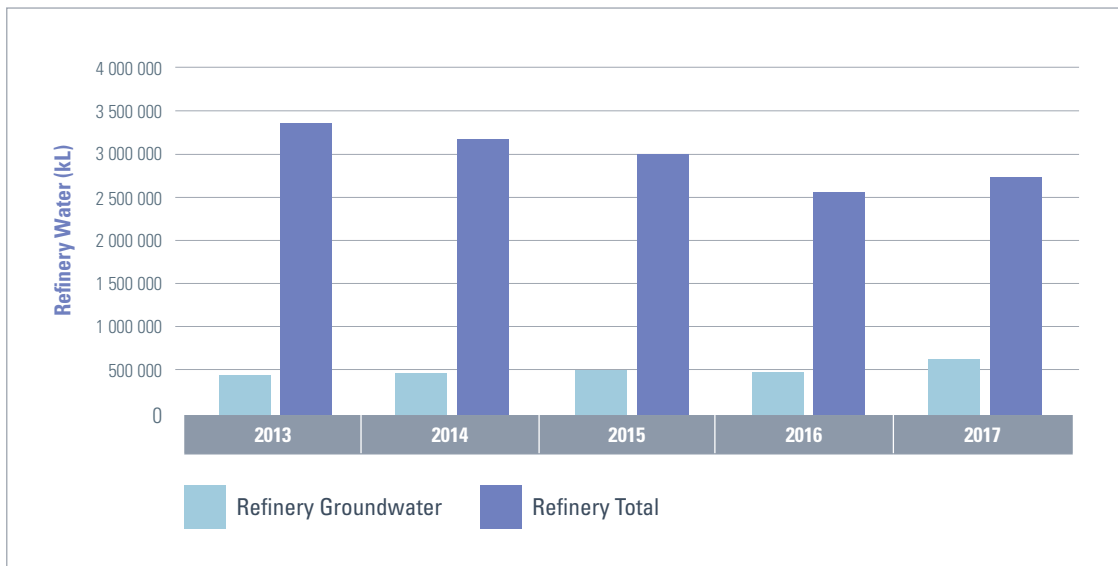
Most of our effluent emanates from our Refinery, and is pre-treated to conform to the requirements of the third-party wastewater treatment plant. Due to various water-saving initiatives at our Refinery, the characterisation and volume of the effluent changed, so adaptations became essential. At some depots, distribution centres and at our Lubricants Oil Blending Plant, the wastewater is channeled to the municipal sewer, which requires the procurement and renewal of trade effluent permits.

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

Water Withdrawal

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

Our Refinery continues to strive for improvements in systems efficiency and reliability, which has improved our water management efforts over the past years. Water consumption has stabilised following reductions, while further measures are being investigated for implementation.



SAP Waste at the Depots and Distribution Centres ensures that the generation, storage, handling, transportation and disposal of waste **is managed in a manner that will not negatively impact the environment ...**

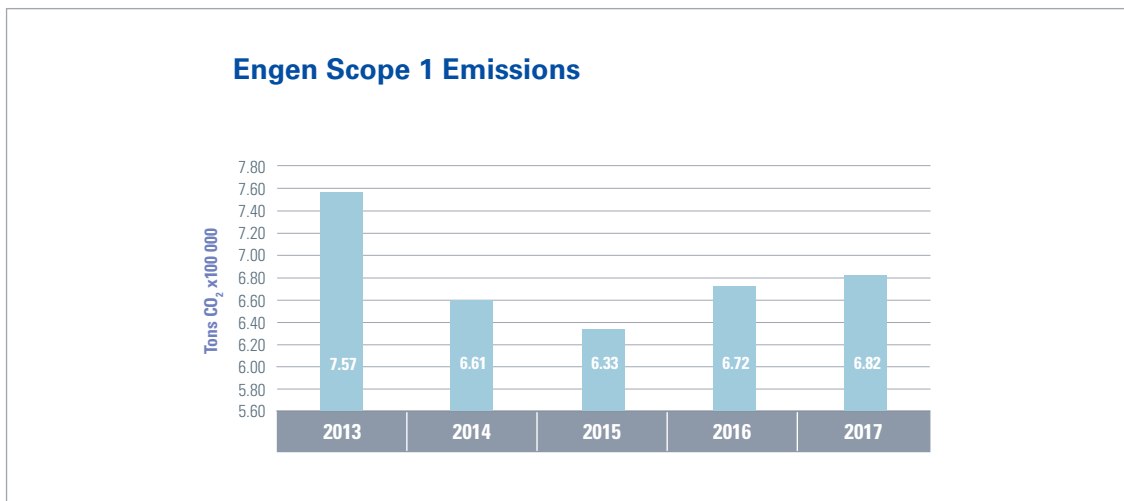
Southern Africa is currently suffering the severe effects of a drought owing to sporadic rainfall over the past few seasons. This has been especially evident across much of South Africa, particularly in the winter rainfall region of the Western Cape and the summer rainfall regions of KwaZulu-Natal, Free State, Eastern Cape, Limpopo, Mpumalanga, North West and the Northern Cape. Namibia, Botswana, Mozambique and Zimbabwe have also been affected.

During the reporting period, dam levels remained critically low. Engen recognises that the best time to save water is when it is available. To this end, we continue to embark on water reduction strategies across our business. More recently, the situation in Cape Town prompted further analysis and measures to reduce water consumption, and ensure safety of staff and operations.

Energy Management and Climate Change

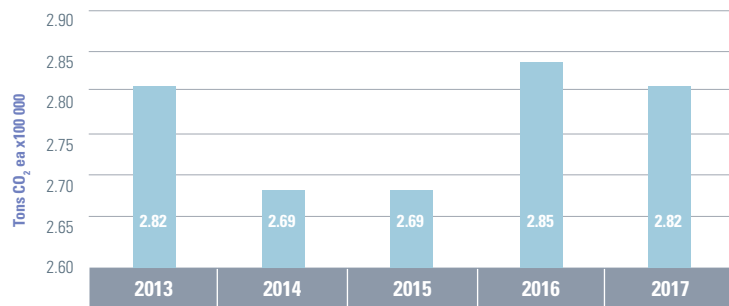
During 2017, the South African government gazetted key legislation in the climate change space. This included the National Greenhouse Gas Emissions Regulations published in April 2017, and the regulations on Pollution Prevention Plans in July 2017. The latter regulations require companies carrying out certain activities above specified thresholds to develop and implement plans to reduce resultant greenhouse gas emissions. As per the requirements, Engen has submitted a plan to the Department of Environmental Affairs for approval.

In 2017, the government also published the Draft Carbon Tax Bill for public comment. The bill outlines the manner in which carbon tax will be calculated and paid. Engen is therefore making the relevant preparations, and is planning accordingly to ensure compliance with the tax requirements. We continue to also engage with the regulators on legislative requirements.



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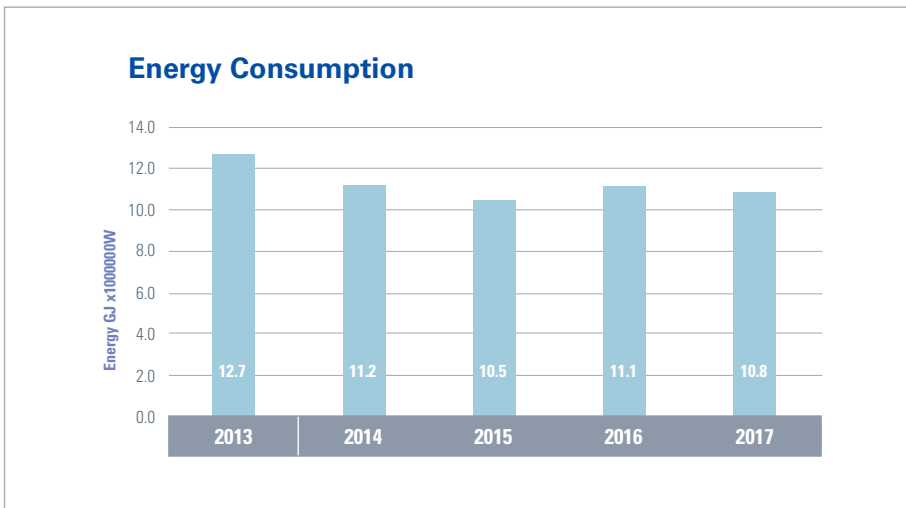
Engen Scope 2 Emissions



In addition, there has been an ongoing effort to improve greenhouse gas emission data quality within the company. Engen recognises the importance of carbon emissions management and its role in sustainable development, hence this area is receiving high-level attention.

The major source of our GHG emissions is from energy needs, **whereby fuel is combusted to produce energy necessary for our processes. Our emissions are closely linked to production.**

Our facilities have participated in an energy audit, which led to the identification of a number of potential improvement opportunities. **These are being rolled out, and we hope to see the impacts soon on Scope 2 emissions.**



Our energy consumption during the period in review followed the same trend as indirect emissions, showing a slight decrease.

Energy management options have been identified for feasibility studies, and these will continue to receive high-level attention, with a view to seeing workable projects adopted for implementation.

Our facilities have participated in an energy audit, which led to the identification of a number of potential improvement opportunities. These are being rolled out, and we hope to see the impacts soon on Scope 2 emissions.



Loss of Primary Containment and Spills

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.

Despite a positive trend in LOPC and Spill prevention in the years before 2017, a number of land transportation incidents resulted in an increase in the number of LOPCs and spills in the year under review. In mitigation, we commenced a land-transport intervention programme in May 2017 which focused on countries outside of South Africa where the increase in LOPC and Spills manifested itself most noticeably.

In further mitigations, we reviewed and enhanced our incident investigation process. Furthermore, we reviewed and reassessed our contractors, and strengthened Visible Felt Leadership and behaviour-based safety. Closer guidance on LOPC and Spill prevention was sought from PETRONAS. These are all ongoing activities, which will reduce LOPC and Spills going forward.

	2013	2014	2015	2016	2017
Number of Major LOPC	11	7	7	6	14
Volume Major LOPCs (kL)	157	257	56.6	43	357
Number of Major Environmental Spills	5	4	4	4	5
Volume of Major Spills (kL)	13.5	17	27.4	41	184



Transformation is at the core of every part of our operations **thanks to a strategy that is a critical part of our integrated business plan ...**

Transformation

Transformation is at the core of every part of our operations thanks to a strategy that is a critical part of our integrated business plan. Both an ethical and strategic business imperative, our transformation approach is based on three pillars:

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

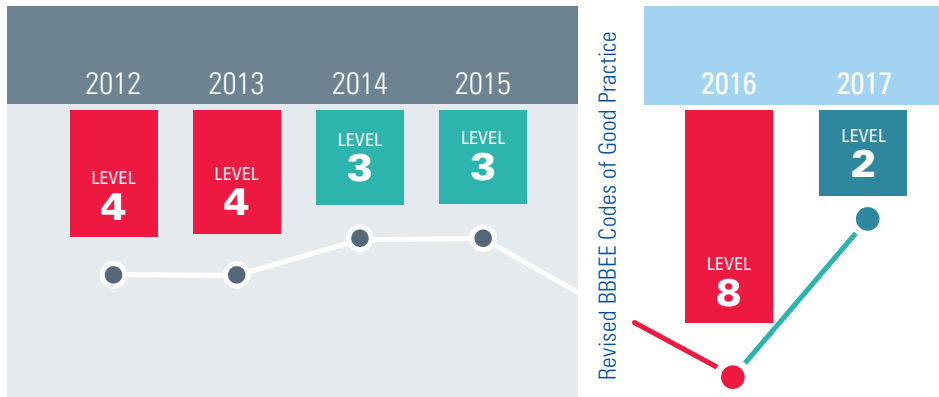
We operate in line with the Broad-Based Black Economic Empowerment Act 53 of 2003 and the Liquid Fuels Charter (2000), laws passed to facilitate effective socio-economic growth for South Africa, and which guide our own contribution to this vital social reform.

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

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

Our B-BBEE Performance

BBBEE Element	Weighting	2017 Verified Score
Ownership	25.00	21.74
Management Control	19.00	13.87
Skills Development	20.00	17.57
Preferential Procurement	25.00	21.36
Supplier Development	10.00	11.00
Enterprise Development	5.00	6.00
Socio Economic Development	5.00	5.00
Total	109	96.54
Compliance Level		2
Recognition Level		125%



We are proud to say that our 2017 B-BBEE performance showed an improvement to B-BBEE Level 2 in the year in review, a significant improvement on the B-BBEE Level 8 of the previous reporting period. Key to the improvement was the conclusion of a share ownership deal with a Phembani-led consortium, the implementation of Enterprise and Supplier Development initiatives to support small and medium businesses that do business with us, and improvements in other areas of the scorecard.



Bruce Diale



Refilwe Matsaneng



Renschia Manuel

Other Key Transformation Initiatives

Engen Pitch and Polish 2017

As the title sponsor for the past six years of this exceptional programme which has helped about 100 000 South Africans realise their entrepreneurial ambitions, it's no under-statement that 2017 continued to deliver to a very high standard. We run this national programme in partnership with Raizcorp to identify talented young entrepreneurs, then give them the chance to realise their dreams.

Every year we run nine workshops across South Africa to teach aspirant and existing entrepreneurs how to, among other things, conceptualise their business plans in terms of finance, marketing, products, services and compliance. As many as 2 000 people attend annually, and although we laud our top three performers, it's important to remember the enormous benefit reaped by everyone who attends the expert presentations.

Our 2017 finalists were:

1. Bruce Diale

This Polokwane-based inventor designed and patented environmentally-friendly and water-wise vertical gardening technology to help address land and food shortage issues. Addressing the huge challenge of food security in South Africa, Diale's invention offered the chance for everyone, regardless of available space, to grow vegetables efficiently.

2. Refilwe Matsaneng

She created an all-natural hair product for women, with her business providing a service to customers in the Bloemfontein area. Matsaneng's future plans include tackling other target markets, such as products for men and for children.

3. Renschia Manuel

Manuel created a home-grown vegetable-growing box, inspired by her life story of fighting back after being retrenched. She provides the boxes, along with growth medium and training, to people who want to grow their own food.

Supply Chain Transformation

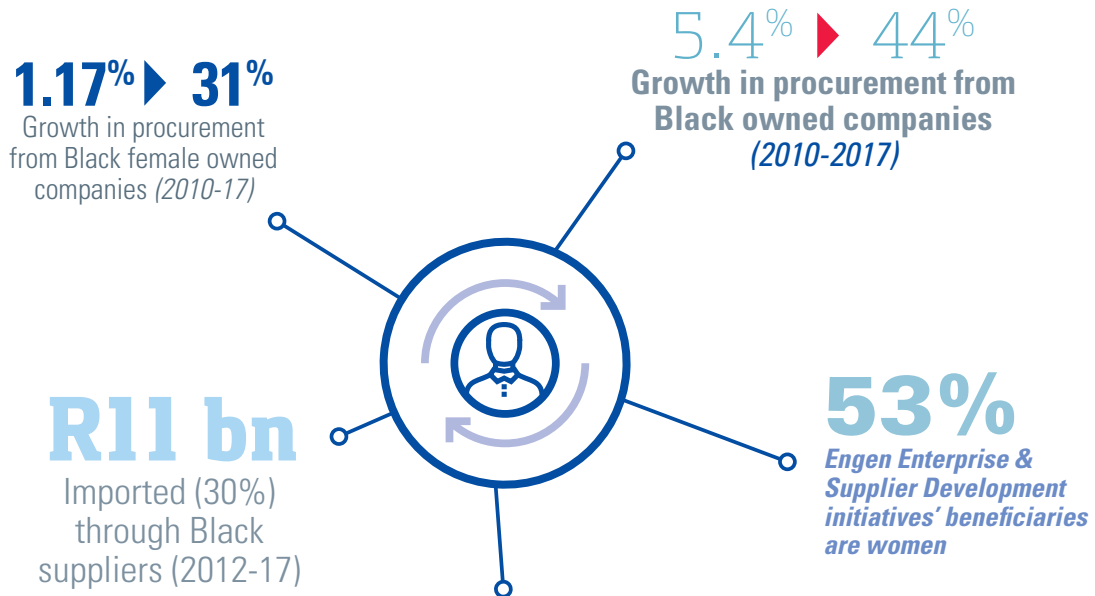
Engen's procurement performance has shown a growth in business value for black women from 4% in 2011 to 41% in 2017.

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's procurement performance has shown **a growth in business value for black women from 4% in 2011 to 41% in 2017.**





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.**

46%
Black-owned
Service Stations



7%
Black female-owned
Service Stations

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. 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). This agreement helped us enhance our transformation efforts, to add a further 23 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.

Following the appointment in September 2017 of a steering committee to drive the development of the code, **the process is expected to culminate in its gazetting in 2018, for implementation the following year.**





Delivering Long-term Value

In spite of a challenging local environment,
we delivered excellent financial performance.



ENGEN



We notched up a strong performance in 2017 in spite of a challenging local environment, compounded by anticipated low growth in developing countries, high product prices which negatively impacted retail performance, and the latent impact of drought in southern Africa. We also entered into a transaction with Vivo Energy Holdings B.V. (Vivo Energy), which saw that company acquire a major line of the Engen Group's business. This includes foreign operations that form the International Business Division (IBD), but

excludes operations in Namibia, Botswana, Ghana and Mauritius.

Against a backdrop of a difficult economic outlook going forward, we remain committed to sustainable development as an integral part of our growth philosophy. We are confident this will enhance our competitiveness and profitability, forging a closer relationship with our customers, employees and other key stakeholders. This in turn helps us understand and reduce our operational risks, while promoting opportunities for new markets, operational efficiencies and innovation.

The financial performance overview **encompasses a comparative year-on-year analysis of the 2017 reporting period.**

The financial performance overview encompasses a comparative year-on-year analysis of the 2017 reporting period. Previously reported results for 2016 have been restated, as required by IFRS 5, to account for the current year acquisition by Vivo Energy.

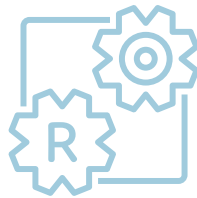


2017 Highlights

Turnover up
10%
to R70,033m



Gross profit up by
R1,412m
with higher Refinery margins
in 2017.



Operating Profit
18%
up from 2016

Key Financial Indicators

The key indicators of our financial performance were as follows:

(R million unless shown)	2017	2016	% Change	5 year average	% Change
Extract from the Statement of Profit or loss					
Turnover - continuing operations	70,033	63,956*	10%	91,851	-24%
Operating profit - continuing operations	5,155	4,356*	18%	2,742	88%
Net profit for the year - continuing operations	3,315	3,145*	5%	1,722	93%
Extract from the Statement of Financial Position					
Total Assets	40,878	39,134	4%	36,315	13%
Equity attributable to equity holders of the parent	22,328	21,743	3%	18,028	24%
Sales Volumes (in millions of litres)					
Local	6,959	6,997	-1%	7,148	-3%
International	2,565	2,274	13%	2,275	13%
Financial Ratios					
	2017	2016			
Return on Total Assets (%)	8.5	8.5			
Current ratio	1.9x	1.7x			
Return on Capital Employed	14.4%	14.9%			
Debt Equity Ratio (%)	0.28%	0.46%			
Crude Cost					
	2017	2016			
Closing crude cost (\$/Bbl)	54.60	53.99			
Average R/\$ exchange rate	13.18	14.74			

*Restated, as required by IFRS 5: Discontinued Operations

Gross profit increased by R1,412 million, due to higher refining margins in 2017 on the back of a more favourable product price movement to crude price, and was also positively impacted by a comparatively higher crude throughput to take advantage of higher margins.

Gross profit increased by R1,412 million, due to higher refining margins in 2017 on the back of a more favourable product price movement to crude price, and was also positively impacted by a comparatively higher crude throughput to take advantage of higher margins. In addition, higher marketing margins were experienced in South Africa, and in Mauritius, Namibia and Botswana. South African sales volumes, however, showed a downward trend, particularly in the Retail division, where already cash-strapped consumers grappled with higher petrol prices compared to the previous year.

Expenses increased by 9% in the 2017 financial year, mainly due to higher staff costs arising from voluntary separation packages, and higher fees paid for administrative and managerial services, primarily in respect of consulting fees. Higher depreciation charges were also incurred in 2017 due to the Retail and Commercial divisions' capital

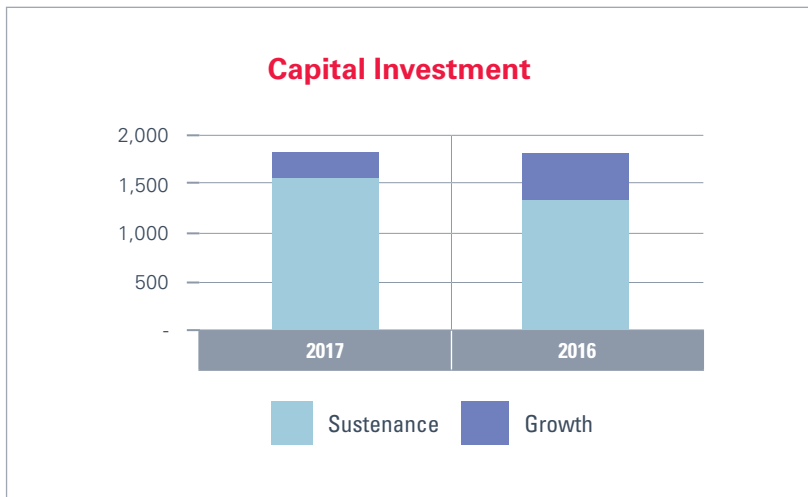
expansion programmes, and to a lesser extent in IBD. The Refinery depreciation charge on stay-in-business capital also had an impact.

Operating costs increased during 2017, mainly due to higher realised and unrealised foreign exchange losses.

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

Total assets increased by R1,744 million on 2016, to R40,878 million at the end of 2017. This was primarily driven by assets held-for-sale of R6,097 million reported in December 2017. This represents the assets (previously long- and short-term) in respect of the disposal group. Inventory increased by R1,622 million, mainly as a result of higher inventory volumes on hand at year-end. This was offset by a decrease in cash and cash equivalents, and Property, Plant and Equipment (due to transfer to held-for-sale) at the end of the year.

Capital Investment



We continue to roll out signature convenience offerings across our network, including fast food and restaurant partnerships, franchise bakeries and coffee, alternative payment partnerships, and a range of other innovations. In parallel, we have steadily overhauled the networks acquired from our competitors in recent years.

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

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Value Added Statement

The 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 below shows how value added has been distributed to those who contributed to its creation.

Rm	31 December 2017	31 December 2016*
Value Added	8,703	7,510
Income from Investments	291	414
Total Value Created	8,994	7,924
Value Distribution		
Employees	2,350	2,074
Equity Capital Providers	2,378	471
Loan Capital Providers	40	9
Government	1,543	1,487
CSI	35	30
Retained for Future Growth	2,648	471
- Depreciation and Amortisation	743	719
- Retained Profit	1,421	2,904
- Deferred Tax	484	230
Total Value Distributed	8,994	7,924

*Restated, as required by IFRS 5: Discontinued Operations



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.**

At Engen, our operating ethos is to practice ethical decision-making, and to do business in a safe and environmentally friendly manner. This is to not only ensure we comply with relevant legislation, but 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.

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.

On 1 November 2016, the King IV Report on Corporate Governance for South Africa was released by the King Committee and the Institute of Directors in Southern Africa ("IoDSA"). Disclosure on the application of King IV is effective in respect of financial years starting on or after 1 April 2017, although King IV encourages immediate transition.

King IV is not mandatory for non-listed entities, however, the Company subscribes to the values and principles of good corporate governance as espoused in the King Reports on Corporate Governance. As such, in an effort to continue promoting and embedding a culture of corporate governance within the organisation, the Company commenced with the implementation of King IV in May 2017. During this process, an assessment was conducted against the relevant principles and related recommended practices of King IV. The principles and practices that the Company has adopted were approved by the Board in November 2017.

Our Board is fully committed to the four governance outcomes: **ethical culture, good performance, effective control, and legitimacy.**

The Engen Limited Board

The responsibilities of the Board are outlined in the 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.

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

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

In 2017, the reviews of the terms of reference of both the Board Charter and Board committees focused on alignment with King IV. Recommended practices not addressed were identified and mindfully evaluated to form the basis of suggestions for changes, following which the appropriately updated terms of reference were approved by the Board.

In 2016, we amended the Memorandum of Incorporation, which addresses the responsibilities of directors, to align with the new Engen structure. This was adopted in 2017.

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 10 members, including six non-executive directors, three independent non-executive directors, and one executive director.

The 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 independent non-executive directors are required to complete an annual independence questionnaire to assess their independent status, a process that is reviewed by the Board. The Board is satisfied that their independence is not impaired, including that of Ms. Dawn Mokhobo, who has served on the Engen Limited Board for more than nine years.

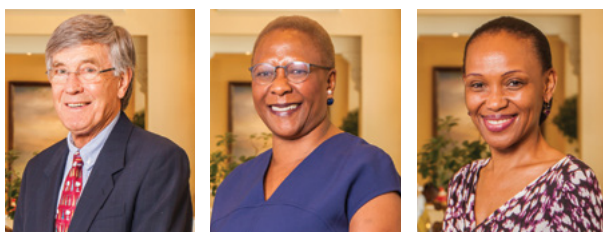
The Board is satisfied with the balance of skill, experience, diversity and knowledge represented, **having regard to the nature of the company's operations as well as its strategy, which necessitates an intimate knowledge of the business.**

At the end of the year in review, our board members were:



Non-Executive Directors

From left to right: Mr. Datuk Md Arif Mahmood, PETRONAS – *Executive Vice President & CEO Downstream (chair)*; Mr. Dato' Sri Syed Zainal Abidin, PETRONAS - *Vice President Marketing, Downstream (Appointed 1 July 2017)*, Mr. Giuseppe D' Arrigo, PETRONAS Lubricants International - *Group MD and CEO*; Mr. Yusri Mohamed Yusof, PETRONAS - *Vice President of Refining and Trading, Downstream (Appointed 2 August 2017)*; Mr. Kennedy Bungane, Phembani Group: *CEO (Appointed 26 August 2017)*; and Mr. Aman Jeawon, Phembani Group: *Chief Operating Officer*.



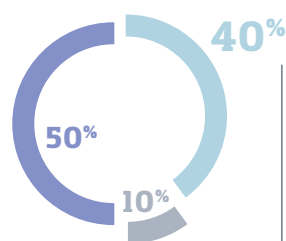
Independent Non-Executive Directors

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

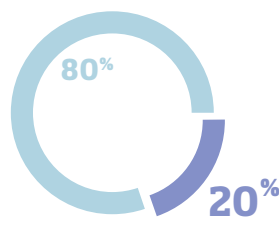


Executive Director

Mr. Yusa' Hassan; *Engen Managing Director and CEO (Appointed 1 June 2017)*



40% Black board members (50% foreign national)



20% Black female board members

Resignations in 2017:

Non-Executive Directors

Mr. Mohamed Firouz bin Asnan (*Resigned 1 August 2017*);
Ms. Zella Fuphe (*Resigned 25 August 2017*).

Executive Directors

Mr. Datuk Mohd Farid Mohd Adnan (*Resigned 31 May 2017*); Mr. Andrew Bryce (*Resigned 30 September 2017*);
Mr. Vukile Zondani (*Resigned 28 February 2017*).

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 Molohe (C*) • Mr. David de Beer • Ms. Dawn Mokhobo 	<p>COMMITTEE MEMBERS</p> <ul style="list-style-type: none"> • Ms. Dawn Mokhobo (C*) • Ms. Nosipho Molohe • Mr. Dato' Sri Syed Zainal Abidin 	<p>COMMITTEE 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>* Chairperson</p>	<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 organizational 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

Engen Petroleum Limited Management Committee



Mr. Yusa' Hassan, *Managing Director & CEO*

Yusa's career with PETRONAS spans over 30 years. He started in 1985 as an Engineer working on PETRONAS Chemical Group's maiden plant, ASEAN Bintulu Fertiliser Sdn Bhd. From 1998 to 2011, he held various senior management positions at various plants in PETRONAS operating units. In July 2013, he was appointed Managing Director and CEO of PETRONAS Gas Berhad, a position he held until May 2017 when he was appointed Managing Director and CEO of Engen Petroleum Limited. Yusa' holds a Bachelor of Science in Mechanical Engineering from West Virginia University in the USA.



Ms. Sandra Koen, *General Manager: Finance*

Sandra's career with Engen spans 24 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.



Ms. 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.



Ms. Ivershini Reddy, *General Manager: Enterprise Risk and Assurance*

Ivershini joined Engen in 1991. In her 27 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).



Mr. Drikus Kotze, *General Manager: International Business Division*

Drikus has been working for Engen for 27 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. He holds a Bachelor of Commerce (Honours) degree and an MBA.



Mr. Jehan Zaib, *General Manager: Refinery*

Jehan has vast experience of the petrochemical industry with PETRONAS and Exxon Mobil. He joined Engen in 2009 as the Operations Manager at the Engen Refinery. In 2011, he was appointed Production Manager before returning to Malaysia where he served as PETRONAS Head of Operational Excellence and Strategy (Downstream Operations). In April 2014, Jehan returned to the Engen Refinery as the plant's General Manager. He is a qualified Chemical Engineer and holds an MBA.



Mr. Joe Mahlo, *General Manager: Commercial*

Joe began his career in the petroleum industry in 1984. He joined Engen in 2012 as GM: Engen Sales and Marketing. In 2017, he was appointed GM: Commercial. His positions immediately prior to joining Engen were Head of External Affairs and Communication at BP and Head of Marketing for BP. Joe holds a Bachelor of Commerce degree in Accounting and Management Information, and an MBA.



Mr. Ruslan Islahudin, General Manager: Corporate Strategy & Communications

Ruslan joined PETRONAS in 1999. His career since then has spanned marketing, trading and risk management. He joined the Engen Management Committee in 2015 as GM: Corporate Planning. In 2017 he assumed the role GM: Corporate Strategy & Communications. Immediately prior to his secondment to Engen, Ruslan held the position of General Manager and Executive Assistant to the President of PETRONAS. Ruslan holds a Bachelors degree in Engineering and a Masters degree in Economics.



Mr. 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 General Manager: Retail. Immediately prior to this, he was Manager: East Africa Business in IBD. Seelan holds a Bachelor of Commerce degree.



Ms. 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 General Manager: HSEQ. She holds a Bachelor of Science (Chemistry and Biochemistry) and a Bachelor of Science with Honours (Medical Biochemistry).



Ms. 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.



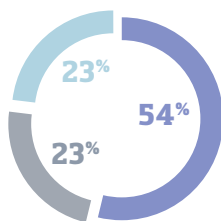
Mr. Adnan Adams, General Manager: Supply Chain

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 degree in Accounting.



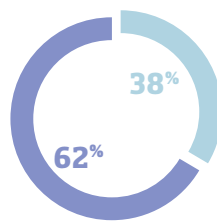
Mr. Steve Williams, General Manager: Lubricants

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 degree (Honours) in Economics and Industrial Psychology.



54% Black Executive Management

23% Foreign National



38% Female Executive Management

31% Black female executive management

To strengthen cyber security controls across the group, **the services of third parties were engaged to support Internal Audit to perform cyber security and vulnerability assessments at our Refinery in Durban.**



Internal Audit

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

The Enterprise Risk and Assurance (ERA) division reports functionally to

the 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

Continuous IT reports are presented quarterly to the Management Assurance Risk Compliance Committee and the BARCC. The 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, 2017 saw significant investment in cyber security prevention and protection. Regular communications to staff on the issue also ensured raised awareness.

To strengthen cyber security controls across the group, the services of third parties were engaged 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 Board also continually reviews the efficacy, adequacy and integrity of this control environment. The 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 that system is the response of the business to risk.

Our system proactively manages and responds to our key risks, so ensuring business sustainability.

However, the system can only provide reasonably, 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. Via integration of information technology and modern tools, we are engaged in continuous efforts to improve our control system.

Compliance

2017 Highlights

- Roll-out of the **PETRONAS Anti-Bribery and Corruption Manual and Country supplements** to each Engen affiliate.
- Roll-out of the **PETRONAS Anti-Bribery and Corruption Manual**, in English, French and Portuguese, to all third parties that interact with Engen, in South Africa and the IBD affiliates.

ABC & Sanctions

The continuation in 2017 of our Anti-Bribery and Corruption (ABC) roll-out plan included the following:

- *Roll-out of the PETRONAS ABC Manual and Country supplements to each Engen affiliate.*
- *Roll-out of the PETRONAS ABC Manual - in English, French and Portuguese - to all third parties that interact with Engen, in South Africa and the IBD affiliates.*

We are now focusing on developing our know-your-customers processes, in order to improve our ability to identify and interact with stakeholders who share our values and principles.

POPI

We continued with the roll-out, pending an implementation date from the South African government, and worked to address additional data protection requirements contemplated in the EU General Data Protection Regulations (GDPR), as these apply to Engen.

Financial Controls Framework

Since 2013, we have conducted bi-annual Financial Controls Framework (FCF) reviews to evaluate the efficacy of the design and operation of our internal control system. FCF is the voluntary adoption of

specific Sarbanes-Oxley principles, particularly Section 404, which requires that management evaluate the efficacy of financial controls. The main objective is to provide reasonable assurance of the reliability of the entity's financial statement, which means, by definition, that FCF covers all financial controls. PETRONAS have voluntarily adopted FCF, and there is a mandatory requirement for all of its OPU's to comply.

In respect of the reviews, any ineffective controls that are identified during the process prompts the immediate implementation of appropriate remedial plans, which are monitored by control owners.

Compliance Framework

IT risks have increased significantly over the past few years, with many IT-related breaches in both 2016 and the year in review. As our business grows and expands, and our reliance on technology increases, it has become crucial to ensure we are cognisant of the regulatory framework that affects IT-related activities.

While Engen has escaped any significant IT breaches, we remain of the view that given the growing risk of such breaches, it is vital to develop a risk-rated IT legislative framework in 2018. This will backstop our company's accelerated move into the digital space as part of the business modernisation process contemplated in our Full Potential initiative. The framework will also allow us to monitor high-risk

legislative responsibilities, and ensure compliance with cyber security and data protection laws.

Combined Assurance

Engen has adopted a combined assurance model across all our various divisions, and 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.*
- *Corrective actions.*

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

Although consistent compliance tracking across all Engen depots and operational sites proved a challenge in 2017, this has been identified as a focus area for improvement going forward into 2018.

ISO 9001

The following Engen facilities retained their ISO 9001 certification in 2017:

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

The ISO 9001 standard, which was published on September 15, 2015, is set to become obsolete on September 14, 2018. Engen is making positive strides towards upgrading quality management systems to comply with the new edition of the standard, and will seek the appropriate certification.

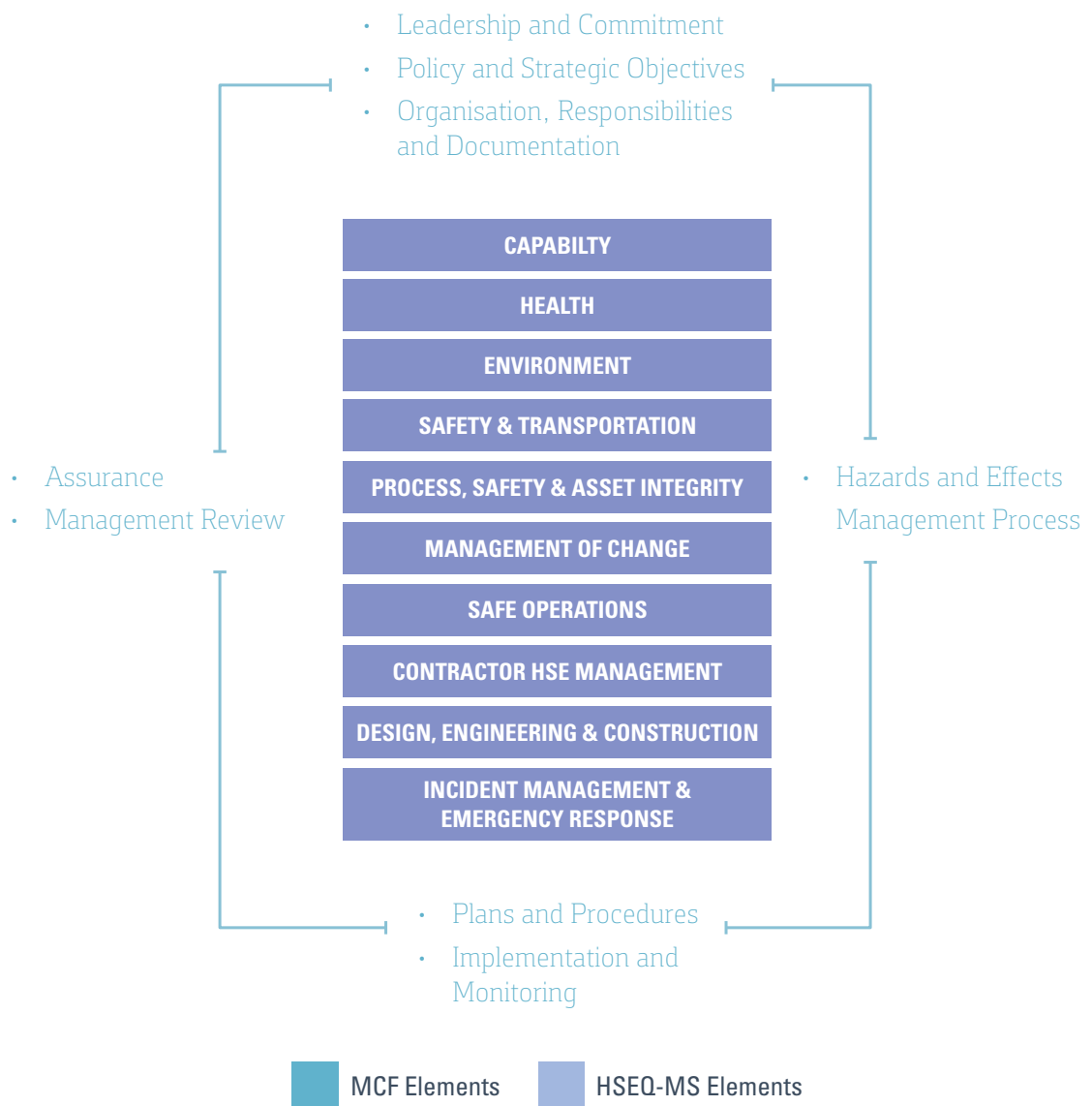


Health, Safety and Environment Management System (HSE-MS)

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.

The HSE Management System and MFC Interface



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

GRI Content Index


This report has been compiled guided by the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting G4. This index guides the reader to the page(s) where information relating to GRI parameters and performance indicators can be found.

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*The will to win, the desire to succeed, the urge to reach your full potential ... **these are the keys that will unlock the door to excellence.** – Confucius*

2017

INTEGRATED REPORT