

INTEGRATED

ANNUAL REPORT

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INSPIRING HOPE

AS THE ENTIRE WORLD SLOWLY RECOVERS FROM THE EFFECTS OF THE MOST SEVERE HEALTH CRISIS IN A CENTURY, OUR THEME FOR THIS YEAR IS **“INSPIRING HOPE”**.

The theme is rooted in our conviction that despite the impact of the pandemic to our lives and livelihoods, we - as a country, as a company, and as individuals - see a bright future ahead.

Although the timeline of the recovery is still uncertain, we are confident that we will overcome the virus, and when we do, a tumult of pent-up demand will drive unprecedented growth and innovation in the global economy as the supply of goods and services transitions into the post-pandemic “new normal.” Engen Botswana Limited is positioning itself to be front and centre of the revitalisation when it happens.

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The theme **“INSPIRING HOPE”** also speaks to the holistic approach we adopt in doing business and our focus on the affect our activities have on our neighbours, communities and the environment. At Engen Botswana we see the opportunity to rebuild a post-pandemic economy that is more responsible, inclusive and just than it was before the pandemic struck, and this is further illustrated by our transition to Integrated Reporting for this and future Annual Reports.

INSPIRING HOPE





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ABOUT THIS REPORT

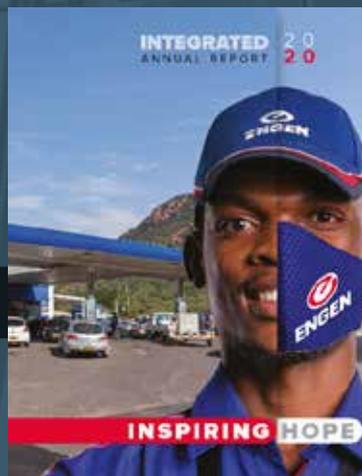
Thank you for reading Engen Botswana Limited's Integrated Report for the year ended 31 December 2020. As a company, we endorse the principles of transparency and accountability, and are committed to reporting on our performance and prospects in a meaningful manner.

WELCOME TO OUR 2020 INTEGRATED REPORT

This is our first Integrated Report, and it presents how Engen Botswana Limited creates value for shareholders and providers of all forms of capital. We have adopted King III code of corporate governance. We are aspiring to ultimately move onto King IV.

In line with Botswana Stock Exchange (BSE) guidelines on Environmental, Social and Governance (ESG) Reporting, Engen published a report to society on ESG matters in December 2020.

Download a copy here:
<https://www.engen.co.za/downloads/engenBotswana>



As a member of the global Petronas Group, we have always aspired to the application of best practice corporate governance protocols. We have adopted King III code of corporate governance. We are aspiring to ultimately move onto King IV.

It further considers specific corporate governance developments in relation to effective governing bodies, increased compliance requirements, new governance structures, emerging risks and opportunities from new technologies and new reporting and disclosure requirements, such as Integrated Reporting.

What is Integrated Reporting?

An Integrated Report aims to be a concise communication about how an organisation's performance, strategy, governance, and prospects lead to the creation of value over the short, medium and long term.

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. The IIRC embodies the shared, common interest of a global coalition of parties in the adoption of Integrated Reporting on an international basis as a means to improve communication about value creation, advance the evolution of corporate reporting, and make a lasting contribution to financial stability and sustainable development.

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors. The coalition promotes communication about value creation, preservation and erosion as the next step in the evolution of corporate reporting.

Purpose

The IIRC's purpose is to promote prosperity for all and to protect our planet.

Mission

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors.

Vision

The IIRC's vision is a world in which capital allocation and corporate behaviour are aligned to the wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking.

The coalition comprises entities drawn from broad global communities, including business and other reporting entities; providers of financial capital; policy makers, regulators and exchanges; the accounting profession; reporting framework developers and standard setters; civil society; and academia.

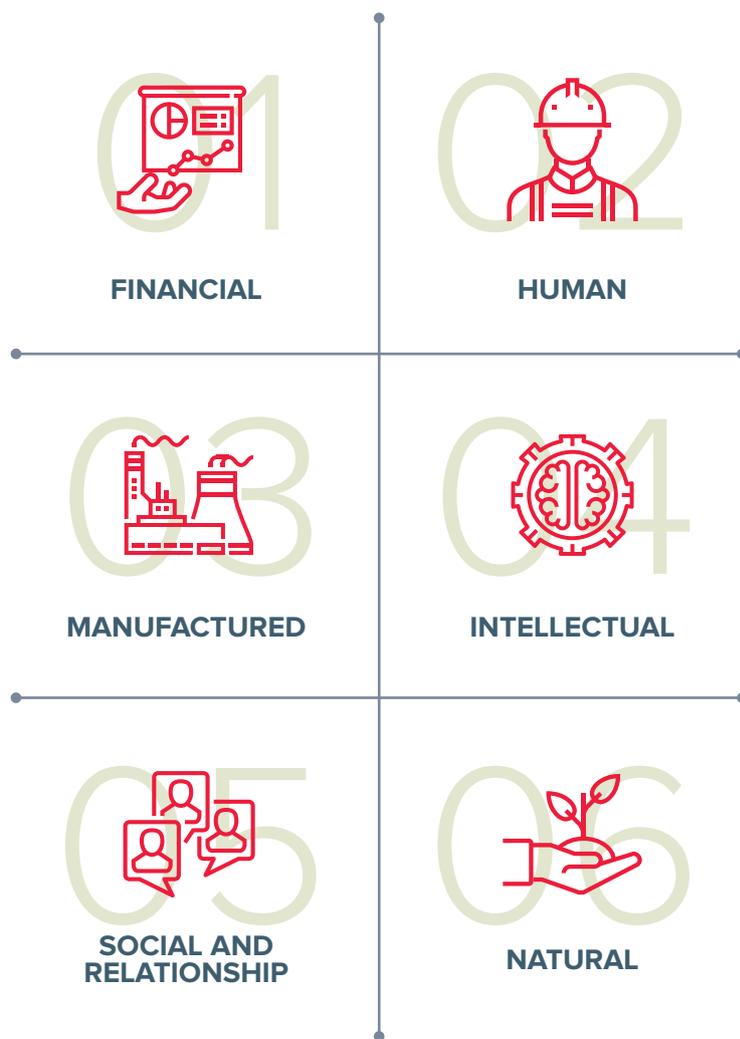
Our 2020 Integrated Report seeks to provide a holistic overview of Engen Botswana Limited’s key developments, market challenges, our strategies and initiatives as well as our approach to risk and governance for the 12-month period 1 January to 31 December 2020.

In addition, we also offer relevant historical information in order to contextualise the key issues discussed. Given that this is our first Integrated Report, we trust that the reader will bear with us as we all become more conversant with the framework.

NAVIGATION ICONS

The following navigation icons are used to link our Capitals and Strategic Priorities to Material Matters, Key Risks and Mitigation and Business Review.

OUR CAPITALS



REPORTING FRAMEWORK

Our report is based on the standards and outline as presented in the International Integrated Reporting Framework. The focus is on Engen’s value chain and how we manage the process of value creation across the six sustainability capitals as guided by the framework.

The activities of Engen Botswana Limited are covered in the report, including 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.



The IIRC's Framework's objectives can be summarised as follows:

Objectives	Engen's response
<ul style="list-style-type: none"> To improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital 	<p>We commit to enhance the level of reporting in our Integrated Annual Report through additional disclosure notes and with cognisance to latest trends in worldwide Corporate Governance. Our governance standards are set by King III against which we measure ourselves as detailed in the Corporate Governance Report on page 76.</p>
<ul style="list-style-type: none"> To promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of the organisation to create value over time 	<p>Material matters to the Company are listed in this report. Refer to the Managing Director's report on page 38 which captures the material aspects of our business and highlights the factors and risks affecting our ability to generate returns for our Shareholders.</p>
<ul style="list-style-type: none"> To enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies 	<p>Our business model on page 17 illustrates how the Company optimises the various forms of capital and caters for future developments, while prioritising our environment and the communities in which we operate.</p>
<ul style="list-style-type: none"> To support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term 	<p>The Company has a clear Strategic Plan (page 49) to ensure its overall objectives are identified and implemented in order to maximise shareholder value and enhance outcomes for all relevant stakeholders.</p>
<ul style="list-style-type: none"> To explain to Shareholders how an organisation creates value over time 	<p>Value creation is demonstrated both in terms of profitability and in terms of capital growth in the share price.</p>

MATERIAL MATTERS

Our report is relevant for stakeholders with an interest in our performance and prospects against our Statement of Purpose: ***A Progressive Energy and Solutions Partner, Enriching Lives for a Sustainable Future.***

The information provided in our Integrated Report focuses on issues, opportunities and challenges that impact materially on Engen Botswana in ensuring a sustainable future, while consistently delivering value and enriching the lives of our stakeholders. We apply the principle of materiality in assessing what information should be included in the Report.

ASSURANCE

Our financial statements are audited by an independent firm of auditors, Ernst & Young, Botswana, while the development of our non-financial reports is supported by robust internal process and good governance practices.

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.

Ernst & Young, Botswana have audited the Company's annual financial statements, which were prepared in terms of the International Financial Reporting Standards (IFRS). The Key Financial Indicators for 2020 and 2019 of the Statement of Profit and Loss and Statement of Financial Position are set out on pages 116 and 117 respectively.

As this is our first Integrated report, reasonable independent assurance on selected sustainability information is not included in the 2020 Engen Botswana Integrated Report.

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements which discuss future expectations concerning the dispositions of assets or financial conditions or provide other forward-looking information into 2021. These forward-looking statements are not predictions or guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and may cause actual results to differ materially from those expressed in the statements contained in this report. Readers are cautioned not to put undue reliance on the forward-looking statements.

BOARD APPROVAL

The Engen Botswana 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.

COVID-19 UPDATE

When it was first discovered in late 2019 in Wuhan, China, not many believed that COVID-19 would spread across the world, completely changing the way we all live our lives.

We now realise that the pandemic has drastically challenged humanity to re-examine the inequities of the pre-pandemic social and financial systems and to lay the foundations for a durable, just, and sustainable global economy. The last year has seen Botswana challenged as never before, with periodic lockdowns, extreme social distancing and movement restrictions impact every facet of our lives and livelihoods.

The COVID-19 pandemic and national lockdowns have had a severe impact on the economies of the countries in which Engen operates and the effects will be felt for some time to come. As Engen, our objective is to do as much as we can to support the nation in its fight against the virus.

Like most corporate entities, Engen Marketing had to invoke its Business Continuity Plan, and hastened to review it to introduce and implement preventative measures against the disease. Such measures included:

- Encouraging regular hand washing with soap and water, and application of hand sanitisers. Sanitisers were bought and issued to all employees.
- Provision of masks to all employees as well as to the retail sites.
- Introduction of working arrangements allowed for proper social distancing. Most employees were required to work from home, alternating on a weekly basis.
- Ensuring that no employee travels to work via public transport by hiring dedicated transport for those without vehicles.
- Updating the Business Continuity Plan to include provisions and changes brought about by introduction of new health protocols.
- Continuous sharing of health education alerts with all employees, and collaboration with Engen HSEQ Centre of Excellence on all technical issues regarding the disease.
- Ensuring that BTOs travelling to RSA to load product follow stipulated COVID-19 containment measures, in order to reduce chances of spread of the disease.

The continued surge in the number of COVID-19 positive cases requires us to remain vigilant and abide by all necessary prevention and containment protocols.





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OVERVIEW OF ENGEN

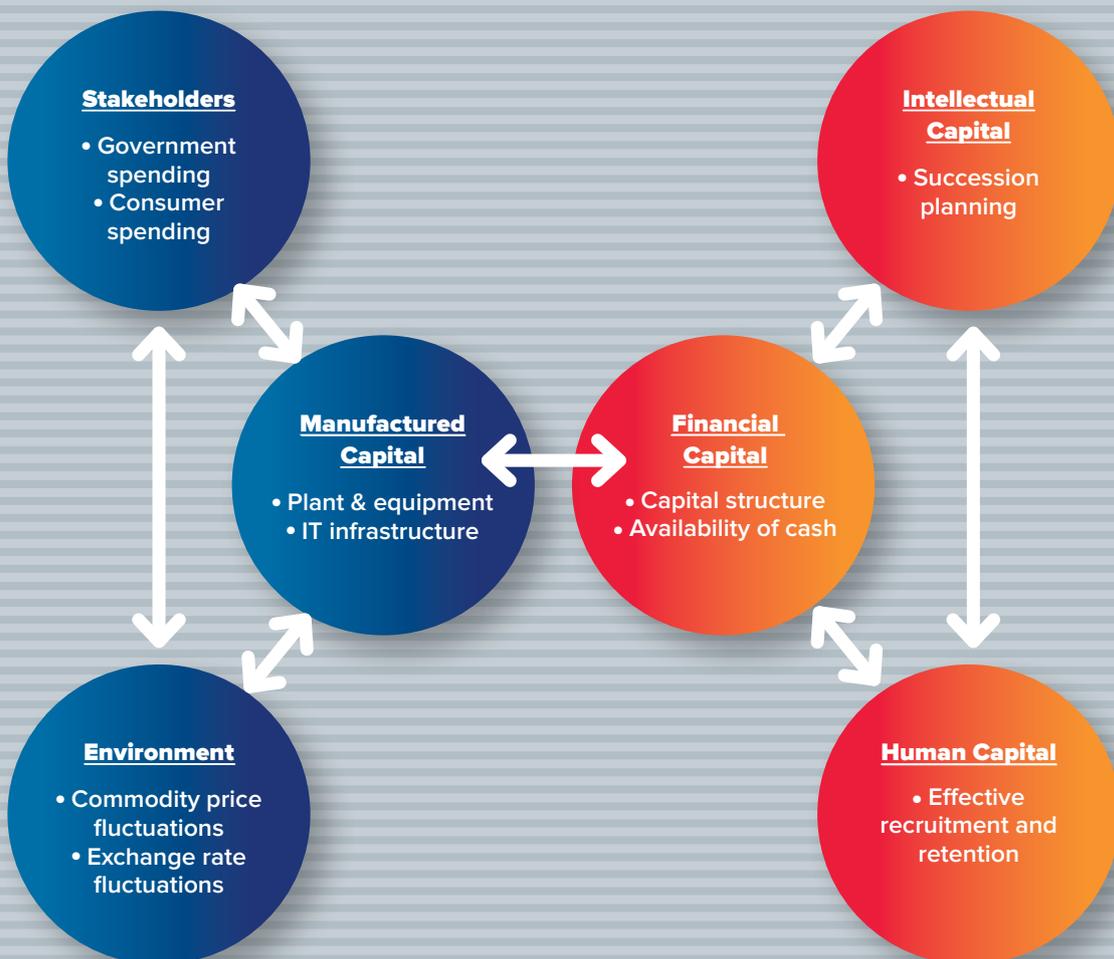
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ORGANISATION & BUSINESS MODEL

Forms of Capital

The Integrated Reporting Framework (IIRC) identifies the various forms of capital that together represent accumulations of value that are the foundations of an organisation's value creation, and the Integrated Report seeks to report holistically on these multiple capitals.

INTERRELATIONSHIP BETWEEN VARIOUS FORMS OF CAPITAL



OUR BUSINESS MODEL

Our business model is designed to enable the Company to achieve its objectives through recognising the various Material matters and the interdependencies of the various forms of capital.

WHO WE ARE & WHAT WE DO

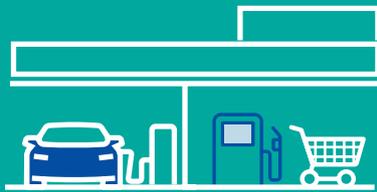
Engen is Botswana's premium petroleum brand, the customer focused market leader, optimising all forms of capital potential to deliver innovative petroleum products, satisfying retail convenience offerings and exceptional service. As part of a global Group, we leverage our parent companies Petronas & Engen's intellectual capital and extensive investments in R&D to deliver world-class petroleum products.

The day-to-day logistics and distribution network of the Company necessitates a culture that prioritises Health, Safety and Environment. In line with the PETRONAS corporate culture, our committed workforce strongly collaborates with our business partners and stakeholders to ensure that we maintain our proud record of consistent innovation and exceptional service standards. Our 'customer first' mindset drives us to create and deliver a seamless customer service experience so that we consistently deliver our brand promise: 'With us you are Number One'.

WHO WE ARE & WHAT WE DO

Engen is Botswana's fastest growing brand* and "coolest" petroleum brand**; an industry trendsetter and customer focused market leader that harnesses human potential to deliver innovative petroleum products, exciting retail convenience offerings and digitally enabled solutions.

We leverage our parent company PETRONAS' intellectual capital and extensive investments in R&D to deliver world-class petroleum products.



RETAIL

We operate 60 service stations across Botswana as at the end of 2020, marketing superior petroleum products and offering unique convenience at over 38 Quickshops and through various prestigious partner brands. By developing innovative digital solutions we create a seamless refuel and convenience experience for our customers.

The scale of operations, facilities and manpower involved in the day-to-day manufacturing, logistics and distribution network of the Company necessitates a culture that prioritises Health, Safety and Environment.

Our passionate workforce draws on the legacy of those employees in whose footsteps they tread, to strongly collaborate with our business partners and stakeholders to ensure that we maintain our proud record of consistent innovation.

Our continuous service journey anchored on our 'customer first' mindset drives us to create and deliver a seamless customer service experience so that we consistently deliver our brand promise 'With us you are Number One'.



COMMERCIAL

As a proud partner to a broad section of Botswana industry, our fully integrated commercial business focuses on the sales and marketing of bulk petroleum products, including: Diesel, Gasoline, Kerosene.



LUBRICANTS

We offer premium lubricant products in Botswana based on PETRONAS' Fluid Technology Solutions, including: Automotive, Industrial and Marine. These cater for consumers and commercial customers. Alongside quality Engen lubricants, we also market various PETRONAS lubricants and functional fluids.



STATEMENT OF PURPOSE

A Progressive Energy and Solutions Partner,
Enriching Lives for a Sustainable Future.



Progressive

We are a dynamic Southern African brand that is passionate about progress and places customers at the heart of all the things that we do.



Energy

We provide a range of energy solutions for our customers' Energy requirements with the ambition to add renewables to our customer offering.



Solutions Partner

We are a provider of products and services, delivering innovative Solutions to be a trusted Partner that delivers value.



Enriching Lives

We are committed to Enriching the Lives of all our stakeholders and to help society to reach its full potential for a prosperous future.



Sustainable Future

We create a Sustainable Future by protecting value across Human, Social, Manufacturing, Intellectual, Natural, and Financial capitals.

SHARED VALUES



SHARED VALUES



OWNERSHIP



TEAMWORK



PERFORMANCE



EMPOWERED



INTEGRITY

CULTURAL BELIEFS



RESULTS MATTER



OWN IT!



FOCUSED EXECUTION



NURTURE TRUST



SHARED SUCCESS



TELL ME

OUR PRESENCE

Engen Botswana Limited is the only oil company listed on the Botswana Stock Exchange. Our citizen empowerment and inclusivity is demonstrated by our broad-based shareholding, with over 768 Batswana holding 30% of our equity.

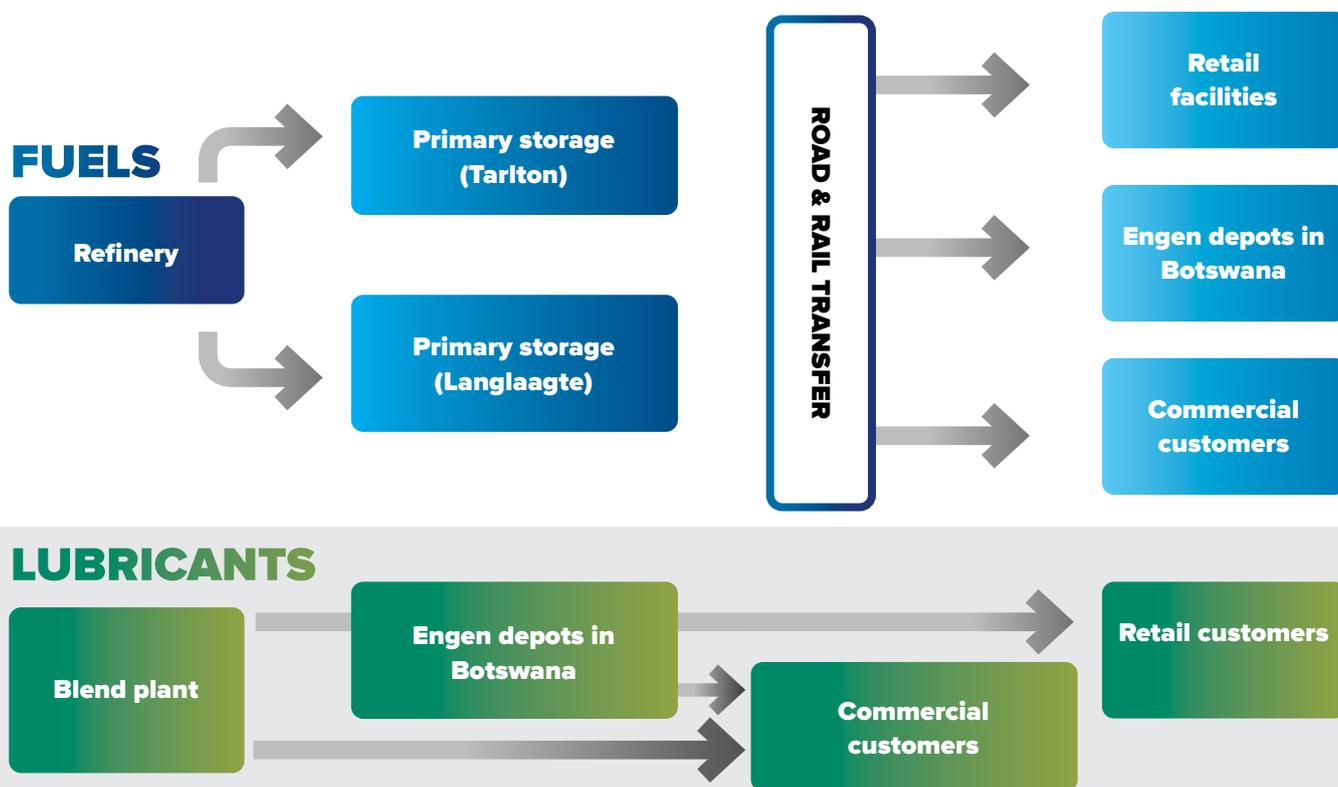
Our majority shareholder, Petroleum Investment Holding Limited, Mauritius, holds 70% of equity, and it in turn is 100% owned by Engen Limited, based in South Africa. As a result, we have access to relevant infrastructure in South Africa and around the region. This ensures improved availability and quality.

 CHARLES HILL



OUR VALUE CHAIN

At the heart of our value proposition lies our integrated value chain. We seek to continually improve our logistics and sales and marketing, to ensure we operate safely, responsibly, reliably and efficiently. While the value chain would appear to be relatively straightforward, it is in fact a highly complex process that demands constant monitoring, risk assessment and contingency planning.



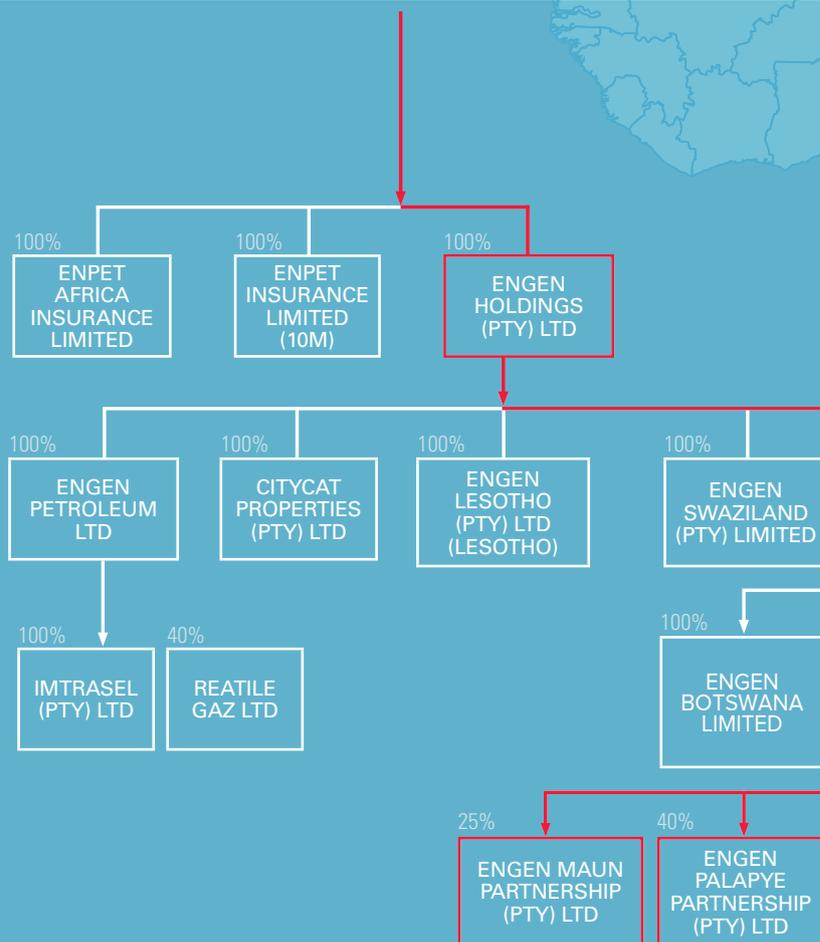
WHAT WE OFFER

ENGEN BOTSWANA CORE BUSINESS SEGMENTS: PRODUCTS and SERVICES

RETAIL	COMMERCIAL	LUBRICANTS
<p>Marketing fuels, convenience and providing a one-stop customer experience at 60 service stations, 38 Quickshops and numerous fast food partners across Botswana</p>	<p>Fully integrated business focusing on sales and marketing of bulk petroleum products, lubricants and chemicals in Botswana</p>	<p>Undertakes all sales and marketing functions of Engen and PETRONAS lubricant products in Botswana</p>
<p><u>FUEL</u></p> <ul style="list-style-type: none"> • Engen Primax Unleaded 93/95 • Engen Dynamic Diesel 50ppm <p><u>NON-FUEL</u></p> <ul style="list-style-type: none"> • Quickshop • Quick service restaurants • Banking ATMs • Car Wash • Truckstop 	<p><u>PRODUCTS</u></p> <ul style="list-style-type: none"> • Engen Dynamic Diesel • Engen Primax Unleaded • Heavy Fuel Oil • Illuminating Kerosene <p><u>INDUSTRIES SERVED:</u></p> <ul style="list-style-type: none"> • Agriculture • Construction • Fleet • Manufacturing • Mining 	<p><u>KEY STRATEGIC BRANDS</u></p> <ul style="list-style-type: none"> • PETRONAS Syntium • Engen Xtreme • Engen Dieselube <p><u>AUTOMOTIVE MOTOR OILS</u></p> <ul style="list-style-type: none"> • Fully & Semi Synthetic • Mineral <p><u>COMMERCIAL VEHICLE OILS</u></p> <ul style="list-style-type: none"> • Heavy duty diesel engine oil <p><u>AUTOMOTIVE FUNCTIONAL FLUIDS</u></p> <ul style="list-style-type: none"> • Auto Transmission and Gear • Greases • Radiator Coolant • Brake Fluid <p><u>INDUSTRIAL LUBES & FLUIDS</u></p> <ul style="list-style-type: none"> • Hydraulic • Compressor • Turbine • Agriculture • Marine • Metal Working • Industrial Gear

GROUP CORPORATE STRUCTURE AND LINKAGE

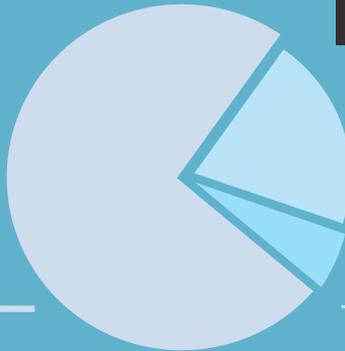
ENGEN LIMITED





PETRONAS

74% PETRONAS Marketing International sdn bhd

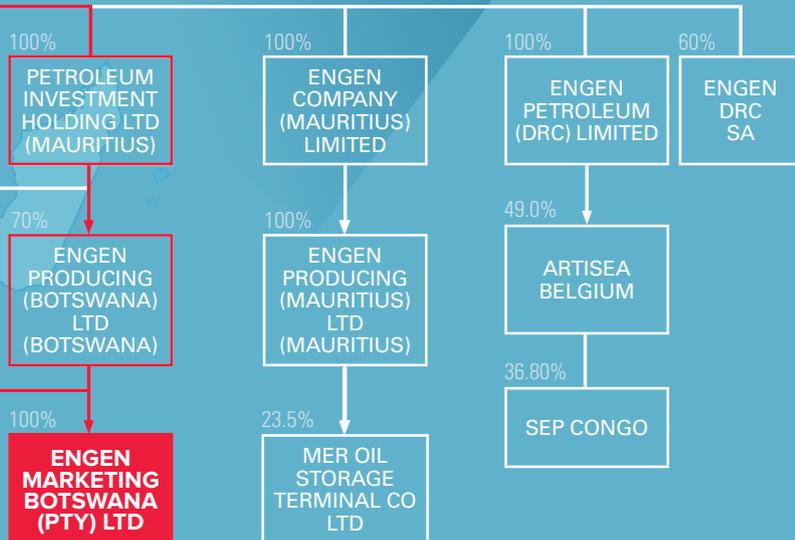


21.2% Afric Energy Resources (Pty) Ltd

4.8% Main Street 1412 (Pty) Ltd



COMPLIANT with the liquid fuels charter



ORGANISATIONAL STRUCTURE

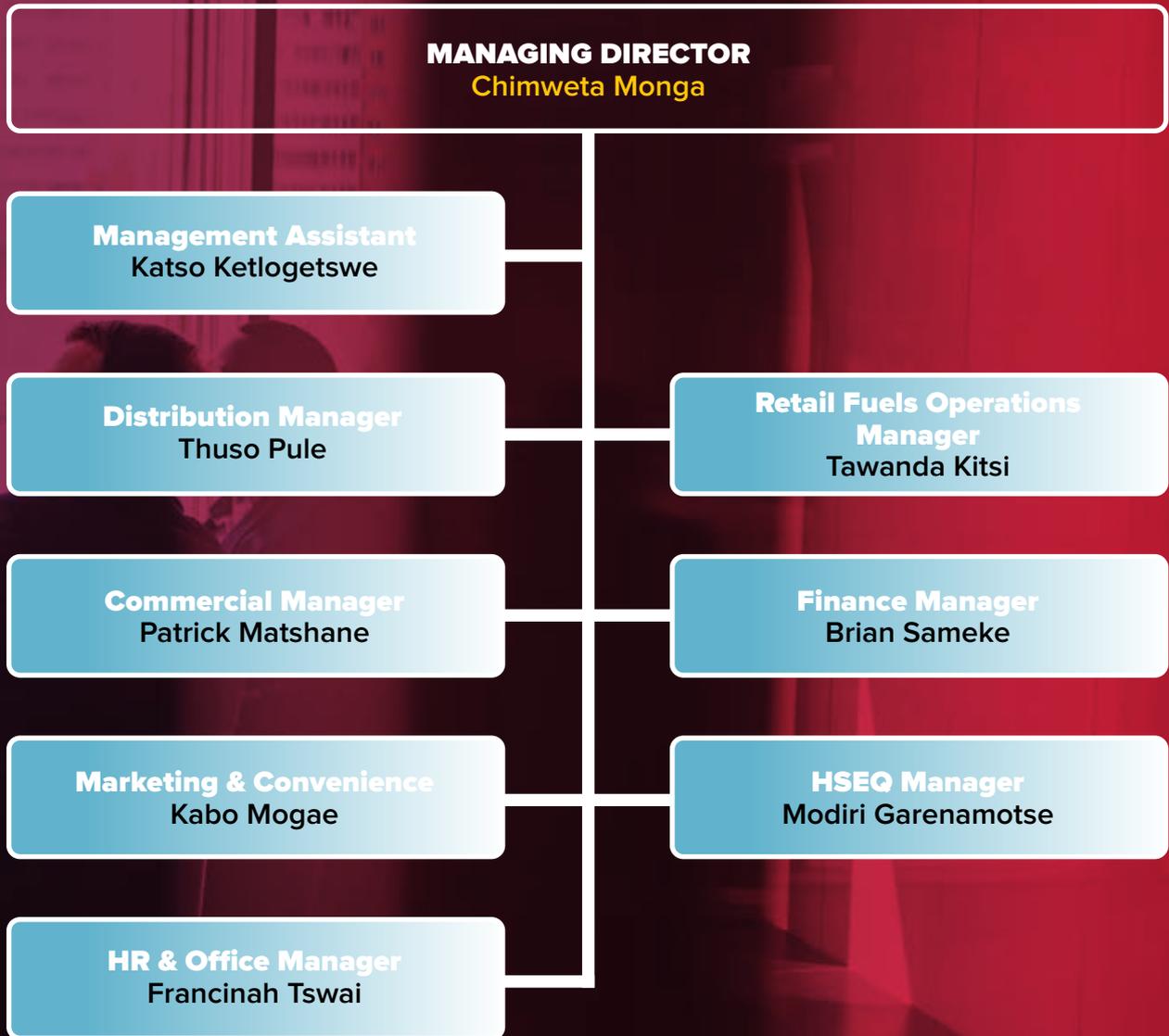
Engen Botswana is majority owned by Engen Holdings Limited and is a proud member of the PETRONAS Group. PETRONAS is a Fortune 500 company and our majority shareholder. PETRONAS is a fully integrated oil and gas company operating in approximately 70 countries across the globe, employing more than 50 000 people.

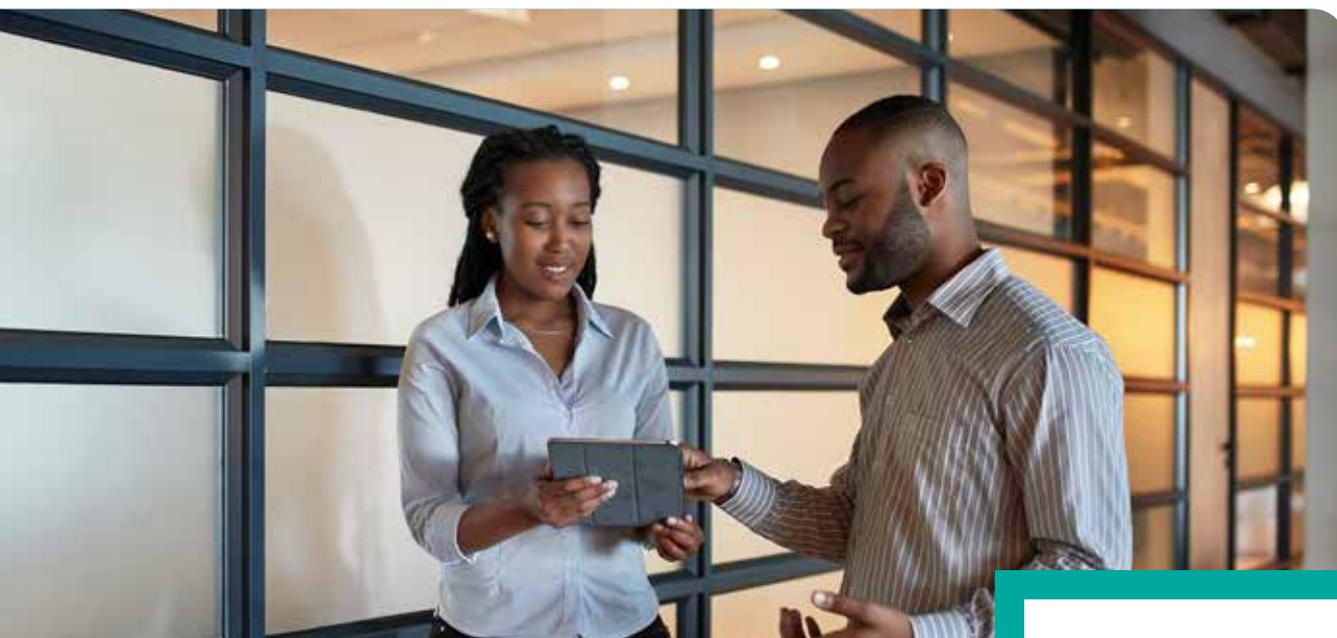
As well as drawing on the skills of their human capital, business capabilities and competencies, our relationship with PETRONAS, the 60th largest company in the world, enables us to leverage their research and advanced technology. This is evident in our Primax brand of gasoline, which uses the same technology used to develop the fuel to power the seven times World Championship-winning Mercedes AMG PETRONAS Formula One team.

We also market products on behalf of PETRONAS Lubricants International (PLI), the global lubricants manufacturing and marketing arm of PETRONAS. PLI drives technology as a winning differentiator in responding to the needs of both the automotive and industrial lubricants markets, and continues to invest in world-class technology, infrastructure and talent. PETRONAS also provides the technical expertise responsible for designing, developing and delivering the fuel, fluid and lubricant technology solutions that have powered the Mercedes AMG PETRONAS Formula One team to the 2014, 2015, 2016, 2017, 2018, 2019 and 2020 World Driver and Constructor Championships.

This technical partnership ensures that the products we as Engen offer our customers, have withstood the ultimate Formula One testing ground.

MANAGEMENT STRUCTURE





Corporate culture

The many changes in the working environment brought about by the COVID-19 pandemic have required us to adapt the way we work and our strategies to support our employees.

Through Project Refocus, we have focused the team on becoming more autonomous to support an increasingly agile and mobile workforce and to operate our business safely and efficiently. We have focused on our Employee Value Proposition and recognise the importance of attracting and retaining highly engaged and high-performing employees and leadership teams.

Our strategy is to ensure that our people are supported with the right skills, experience, training and mentorship. As such, our focus continues to take a holistic approach on being an inclusive organisation, building and retaining critical skills and developing our leadership capabilities. This creates an environment which inspires and motivates all our employees to perform at their best. Our human capital development strategy recognises that Engen employees need to be high performing, innovative and motivated.

Our adoption of the PETRONAS Cultural Beliefs drives a culture of ongoing feedback. This has increased employee engagement and continues to support a culture of accountability. The PETRONAS Cultural Beliefs are aligned to our core values with the priority of ethical values set by our leaders across the organisation.



PETRONAS

Results Matter

I stretch my limits to deliver superior results

Own it!

I own the results and don't blame others

Nurture Trust

I always keep my promise and build mutual trust

Tell Me

I seek, give and act positively on feedback

Shared Success

I collaborate for the greater good of PETRONAS



OUR HUMAN CAPITAL STRATEGY

Our Human Capital Strategy drives inclusiveness, innovation, performance excellence and sets the direction for our talent development success. The strategy ensures that passion, talent, skill, knowledge and experience are central to driving the sustainability and growth of our business. To support our strategic objectives, key performance targets and growth areas, effective management and deployment of our people, are core to our HR strategy.

CSR

P650,000
towards the Covid-19 Relief Fund

P94,800
worth of fuel donated to the Botswana Defence Force

P100,800
in non-contact thermometers donated to government

During the year under review, our corporate social responsibility focused on COVID-19 management, control and support. To this end, and in response to the government's call on companies and individuals to offer assistance to alleviate the various impacts of the pandemic, Engen Marketing Botswana donated P650,000 towards the Covid-19 Relief Fund.

The company also donated fuel worth P94,800 to the Botswana Defence Force to assist the military in their operations during the Covid-19 lockdown period to ensure community compliance with COVID-19 regulations and requirements. In addition, the company donated non-contact thermometers worth P100,800 to the government. This resulted in a total of P845,600 donated towards the COVID-19 relief effort.





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LEADERSHIP STATEMENTS

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“The long-term impact of the COVID-19 pandemic will redefine markets and result in structural shifts, and Engen must remain agile to survive and thrive in the evolving ‘new normal’”

Shabani Ndzingi, Chairman

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors,
it is my pleasure to present
the Engen Botswana Ltd 2020
Integrated Report.



We are proud to have taken the step, in line with our commitment to enhanced governance in accordance with King III™ principles, to align our annual reporting to the new International Integrated Reporting Council (IIRC) standards. The report presents a holistic overview of Engen Botswana's strategic framework for long-term value creation and provides a concise review of how our performance and governance over the past year are delivering on this strategy.

Business Environment

Global business sentiment and activity in 2020 was dramatically affected by the COVID-19 pandemic and associated uncertainty. The pandemic induced slowdown has deeply impacted businesses and jobs across the world, and companies – especially micro, small, and medium enterprises (SMMEs) in the developing world – are under intense strain, and no segment of the economy has been unaffected. Further pressures came from country-specific weakness in large emerging market economies, macroeconomic stress related to geopolitical tensions, and social unrest in several countries.

The economic impact of the pandemic has been most severe on all emerging market and developing economy (EMDE) regions. Although all EMDE regions are expected to grow in 2021, the pace of the recovery varies considerably, with greater weakness in countries that have larger COVID-19 outbreaks or greater exposure to global disruptions in tourism and industrial commodity exports.

Many countries are expected to lose a decade or more of per capita income gains. Risks to the outlook are negative, and all regions are vulnerable to renewed outbreaks and logistical impediments to the distribution of effective vaccines, financial stress amid elevated debt levels, and the possibility that the impact of the pandemic on growth and incomes may be worse than expected over the longer term. In a

downside scenario of a more severe and prolonged pandemic, the lowest growth rates among the six EMDE regions would be in Latin America and the Caribbean, the Middle East and North Africa, and Sub-Saharan Africa, reflecting these regions' reliance on exports of oil and industrial commodities, the prices of which are likely to be reduced by weak global demand.

Economic activity in the Sub-Saharan Africa region is estimated to have shrunk by 3.7% in 2020, setting living standards in many countries back by some years. Growth is forecast to resume at a moderate pace of 2.9 percent in 2021—essentially zero in per capita terms. COVID-19 is likely to negatively impact growth in Sub-Saharan Africa for an extended period, as the rollout of vaccines in the region is expected to be slower than in major economies. Millions of people in the region could be pushed into extreme poverty in 2021 and 2022. Risks to the regional outlook include weaker-than-expected recoveries in key trading partners, logistical hurdles in vaccine distribution, and reduced productivity weakening potential growth and income over the longer term.

The COVID-19 pandemic triggered an unprecedented demand shock in the oil industry, leading to an unparalleled plunge in oil prices. Demand for oil stalled as governments around the world shuttered businesses, issued stay-at-home lockdown mandates and imposed travel restrictions.

Chairman's Statement [CONTINUED]

An oil price war between Russia and Saudi Arabia erupted in March 2020 when the two nations failed to reach a consensus on oil production levels and the following month, an oversupply of oil led to an unprecedented collapse in oil prices, forcing the contract futures price for West Texas Intermediate (WTI) to plummet from \$18 a barrel to around -\$37 a barrel.

By the third quarter of 2020, oil prices had begun to rebound as nations emerged from lockdown and OPEC agreed to significant cuts in crude oil production. By the end of the year, optimism over the possible rollout of multiple COVID-19 vaccines buoyed the market, with Brent crude oil spot prices increasing to an average of \$43 a barrel in November.

According to the International Energy Agency's (IEA) Oil Market Report for December 2020, oil demand fell by 8.8 mb/d year-on-year in 2020. The IEA's 2021 demand forecast was revised down by 170 kb/d, mainly because of another downgrade for jet fuel/kerosene demand, which will account for around 80% of the overall 3.1 mb/d shortfall in consumption in 2021 versus 2019. On the plus side, in 2021, demand for both gasoline and diesel is projected to return to 97-99% of their 2019 levels.



Although the spread of COVID-19 in Botswana has remained relatively contained, the threat posed by the pandemic will remain with us for a while to come. All countries, including our own, are in a race to vaccinate an immunologically significant proportion of their populations in the face of more infectious variants of the virus. Botswana has a proud record of excellent primary health care and is well poised to conduct the vaccine rollout when these become generally available.

The impact of the pandemic on the Botswana economy has been severe, with growth declining by almost 8% over 2019. All sectors of the economy have been

impacted, with exceptionally acute pressure being felt in the tourism and hospitality sectors as well as in mining. The energy sector was seriously affected by the decline in demand for fuel as transport and logistics requirements plummeted. With no clear end of the pandemic in sight, the timeline for full economic recovery remains unclear.

Industry Developments

Two fuel price adjustments were implemented during the year, and the government passed a 10.28 thebe per litre margin adjustment in April 2020, the first in three years. The margin adjustment was necessary for us to recoup inflationary cost increases.

Dividends amounting to P165 472 220 (2019: P81 062 181) were paid during the year and I am happy to report that a dividend of 168.8% of net profit after tax has been approved by the Board for 2020. The Company's cash position remains favourable with cash and cash equivalents at P391 million, though this is well below the 2019 figure of P480 million.

Engen Botswana continues to maintain an unwavering focus on safety and sustainability. Our key strategic priorities include promoting sustainable practices across our operations and activities as well as embedding a culture of zero harm. It is pleasing to report that during the year under review, Engen continued with its impressive safety performance record of recent years. We have not had a fatal accident at Engen Botswana. In addition to the reduction in the number of incidents seen in 2019, there were no major incidents in 2020.

While our recent safety performance is commendable, we will continue to enhance our efforts to drive a culture of zero harm. The Engen Botswana Board prioritises improvements in Engen's health, safety and environmental performance going forward.

Our Commitment to Good Governance

As a company, we strive to uphold the highest standards of accountability and transparency through a deep-rooted culture of respect, efficiency, ethical thought and action, and a values-driven approach to everything we do. We seek to create trust through ethical leadership and a commonly accepted and lived set of values.

Our governance framework embodies ethical values, good corporate governance, and risk management practices that are in line with our strategic business goals. We have a skilled and knowledgeable Board with an appropriate mix of experience, expertise and strategic perspective which has maintained its focus on fostering high standards of corporate governance and will continue to do so in the future.

Passionate about Progress

Engen's Statement of Purpose - **A Progressive Energy and Solutions Partner, Enriching Lives for a Sustainable Future** - replaces our vision and mission statements. This new single statement is our unified rallying call to drive action towards a higher purpose, succinctly expressing why we do what we do. It encapsulates our future business focus and the impact we wish to have as a company.

Engen is a dynamic Botswana brand that places customers at the heart of our business. In pursuit of growth, our Statement of Purpose will guide our efforts to strengthen our existing portfolio and to future-proof the organisation beyond fuel with the ambition to add renewables to our customer offering.

We remain passionately committed to improving the quality of life for all our stakeholders while creating and protecting value across the six sustainability capitals. This will ensure that the benefits we create can be sustained over the longer term, measured in terms of shareholder value creation, societal progress and environmental sustainability.

Ultimately, our objectives will be realised when our stakeholders see us not merely as a provider of products and services but recognise us as a trusted partner that creates value, delivers products that customers need, and provides opportunities to our employees to develop their careers and grow with the company. We believe we can play a critical role in moving society forward, facilitating economic growth, creating jobs and economic value. Our Statement of Purpose will guide our efforts to strengthen our existing portfolio and to future-proof the organisation.

Chairman's Statement [CONTINUED]

Contributing to the Community

At Engen we define achievement not just within the narrow confines of business growth and financial returns, but also in how we enrich the lives of the people in the communities in which we operate. We continue to be committed to our corporate social responsibilities, ensuring that Engen's efforts deliver impactful value that is sustainable. The year under review was dominated by the COVID-19 pandemic, and all our CSR efforts in 2020 were directed towards assisting the government, and the society in general, through significant donations in cash and kind to the various government agencies most involved with tackling the pandemic. Engen Botswana stands ready to continue providing necessary support in the fight against the worst effects of the virus on the community and the greater economy.

Awards

Due to the unique circumstances, in 2020 there were none of the regular industry events, and consequently no presentation of awards.

Nevertheless, our high customer service standards were recognised in terms of a very favourable Net Promoter Score (NPS), and in 2020 we once again led the Sub-Saharan Petronas subsidiaries on this metric.

Looking Ahead

At year's end, we found ourselves still in the midst of the worst pandemic in over a century, and 2021 is expected to be mostly uncharted and fraught with numerous challenges. The social, economic and commercial aftershocks will be unpredictable, with no precedent in dealing with a demand contraction resulting from the crisis, and no off-the-shelf remedies or clear roadmap to hand. We will have to continue to adapt to these unfamiliar circumstances and find innovative approaches to countering the ongoing national and global economic slowdown. The long-term impact of the COVID-19 pandemic will redefine markets and result in structural shifts, and Engen must remain agile to survive and thrive in the evolving 'new normal'.

The strategy that Engen has put in place will serve us well to strengthen performance, build resilience and enable us to grow in the marketplace. We believe that there is still considerable growth potential in the local market and will continue to invest in an expanded business footprint and retail presence across the country.

We continuously seek to achieve sustainable results and to improve our operating performance, with an emphasis on health, safety, security, the environment, our ethics and core beliefs. Engen Botswana Ltd prides itself in being an employer of choice, attracting and retaining highly qualified and motivated employees who are encouraged to maximise their potential while taking the Company forward.

In Memoriam – Robert Matthews

It is with great sadness that we report the passing of Robert Neil Matthews in September 2020 at the age of 75. Robert had served as an Independent Non-Executive Board Member for Engen Botswana and as the Chairman of the Board Audit Committee. He was a retired partner of PricewaterhouseCoopers, and the Board will miss his extensive professional and commercial experience in audit, taxation and business services. We acknowledge the considerable contribution he made to Engen Botswana during his tenure, and will miss his guidance and strategic foresight. We extend our sincere condolences to his family.

Appreciation

On behalf of the Engen Botswana Limited Board, I extend sincere gratitude to the Botswana Energy Regulatory Authority (BERA) and all the other government ministries and agencies who have an interest in our business for their continuous support and guidance.

I would like to thank my fellow Board members for their backing throughout the year. We believe that with their continued support and guidance, Engen Botswana Ltd will navigate the challenges ahead. I also extend my thanks to our investors, partners and all stakeholders for their loyalty and patronage.

My heartfelt gratitude goes out to the management team and employees for their dedication and hard work under extremely difficult circumstances. Engen's impressive safety, environmental, operational and financial performance outlined in this report indicates that Engen is staffed by the right people, with the skills and mindset to successfully deliver on the Company's strategic objectives. Together we will ensure that Engen Botswana Ltd will overcome the present difficulties and continue to command its place in the market and show a satisfactory return for its shareholders going forward.

Finally, I wish to record my warmest appreciation to all our stakeholders, particularly our customers for their continued support of Engen. With us you are Number One!



Shabani Ndzinge
Chairman



MANAGING DIRECTOR'S STATEMENT



This has been an extremely
challenging year for everyone. All of
us have been impacted in one way or
another by the pandemic.

We all have friends and family who have fallen ill and some of us have lost loved ones, businesses have been disrupted on all levels and many of our fellow citizens have had their livelihoods disrupted. The tourism sector in Botswana has been particularly hard hit. Engen Botswana Limited has had a difficult year, as the downturn in all sectors of the economy has impacted directly on our activities.



Areas of excellence

Despite the very difficult circumstances the company performed very well in terms of net operating earnings after tax. Credit management was particularly good despite a lot of pressure, but the credit portfolio was well managed with no write offs or provisions reported. In this regard Engen Botswana fared better than some of its affiliates who were forced to write off large amounts from mining and transportation customers due to the difficult economic conditions across the globe in general and southern Africa in particular.

Strong staff morale was maintained throughout the period in spite of the difficulties we all experienced during the pandemic.

Operations continued uninterrupted with no reported accidents and only one incident of significance during the financial year.

Our supply capability during the year was excellent in the face of the of COVID-19 restrictions and constraints. Despite the serious fire at the Engen Durban refinery in December, no shortages of fuel supplies were experienced by Engen locally due to the effectiveness of our comprehensive business continuity planning.

The year saw Engen Botswana continue to outperform all sub-Saharan Petronas subsidiaries in terms of the Net Promoter Score and once again returned a very favourable NPS.

Sustainability HSE



Managing Director's Statement [CONTINUED]

By operating responsibly, we not only promote and secure the future of our business but extend these rewards to benefit the communities in which we operate. We achieve this through providing our customers with a sound value proposition, a safe and convenient environment and excellent service.

Human resources

Due to movement restrictions, periodic lockdowns, and general disruption to our normal way of doing business Engen Botswana has been obliged to become more autonomous in its operations in order to ensure that our business activities continued unimpeded in the “new normal” environment. Project Refocus was implemented in order to achieve greater autonomy in our sustainable operating model.

OUR PEOPLE

The world of work is changing and our strategies to support our employees are constantly evolving. We have focused the team on becoming broader in the forefront of technology and analytics and to support an increasingly agile and mobile workforce. To support our growth and sustainability – and to operate our business safely and efficiently – Engen employees need to be high performing, innovative and motivated. Our strategy is to ensure that our people are supported with the right skills, experience, training and mentorship. As such, our focus continues to take a holistic approach on being an inclusive organisation, building and retaining critical skills and developing our leadership capabilities. This creates an environment which inspires and motivates all our employees to perform at their best.

PETRONAS CULTURAL BELIEFS

Our adoption of the PETRONAS Cultural Beliefs drives a culture of ongoing feedback. This has increased employee engagement and continues to support a culture of accountability. We have focused on our Employee Value Proposition and recognise the importance of attracting and retaining highly engaged and high-performing employees and leadership teams.

The PETRONAS Cultural Beliefs are aligned to our core values with the priority of ethical values set by our leaders across the organisation.

OUTPUTS AND OUTCOMES: OUR FOCUS ON OUR EMPLOYEES

- Development and growth ensure highly skilled and engaged employees
- Building a sustainable pipeline of talent to support succession planning
- Creating positive employee experiences through multiple talent and leadership development initiatives
- Ensuring a 'Great Place to Work' and building our brand through our people

Total Workforce - December 2020

Department	Permanent	Contractor	Vacancies	Total	Expatriate
ManCom	7	1	1	9	2
Retail	4	0	0	4	0
Commercial	3	2	4	9	0
Marketing & Convenience	3	0	0	3	0
Finance	7	0	0	7	0
HR	2	0	0	2	0
HSEQ	0	0	0	0	0
Distribution	18	0	0	18	0
Total	44	3	5	52	2

PEOPLE

The number of employees as of 31 December 2020 was 44 permanently employed staff members and 3 employees on fixed term contracts. During the year under review, Engen Botswana recorded a staff turnover of 11.11% due to five employees who left the company on voluntary separation and positions being outsourced as a result of Project Refocus, with the new structure taking effect on 1st February 2020. There was one vacancy as of 31 December 2020. In March 2020 a moratorium on recruitment was imposed due to COVID-19 but recruitment was approved in July 2020.

LEARNING AND DEVELOPMENT

The Company has an integrated Talent Management programme, which seeks to provide a well-structured and prepared leadership pipeline within the Company. This programme provides training and development interventions, which endeavour to up-skill and multi-skill the workforce to allow for opportunities for growth and development within the Company. The Company continues to recover training costs from the Human Resources Development Fund for skills development through short-term training. Engen endeavours to close skills gaps and keep employees up-to-date with the latest market trends in their respective areas of operation. New employees are trained on operational and systems requirements to improve their productivity and quality of service.

COMPENSATION AND BENEFITS

Engen Marketing Botswana participates in the Mercer annual Total Remuneration Survey (TRS) and incorporates the results of the survey to ensure we remain competitive in Botswana’s dynamic labour market. There is a need to remain competitive within our industry and in the market in order to retain key talent. Engen strives to offer not just monetary but also value-adding benefits to its employees.

2. LEADERSHIP STATEMENTS [CONTINUED]

Managing Director's Statement [CONTINUED]



12
incidents were
registered



5
armed robbery
incidents

Environmental Health and Safety

OUR SAFETY PERFORMANCE

12 incidents were registered from January to December 2020. The most significant incidents were five armed robbery incidents which occurred at CBD, Mmamashia, Shashe, Molepolole and Bokaa, compared to six such incidents in the prior year. Following the spate of robberies, Engen management called a stakeholder meeting with the dealers to deliberate on ways to counter the criminal activities. All remaining incidents were of a minor nature apart from a collision in which a BTO driver was lightly injured and an accident involving an Engen contractor cleaner who suffered some burns on their foot when they accidentally knocked over a nearby kettle containing hot water.

Engen Mmopane and Engen Commerce Park were declared COVID-19 contaminated sites following information that confirmed cases had accessed the sites. Bobonong and Ramotswa were subjected to a similar exercise of having to close and undergo decontamination, but all employees were declared COVID-19 negative.

HSE Assurance

HSE assurance at the work site is conducted regularly to assess compliance to all health, safety and environment requirements. Furthermore, this first line of assurance will act as first barrier of early detection to prevent incidents.

During the year, all our storage depots and Engen retail service stations are audited by identified focal personnel. We also emphasise HSE compliance by our contractors. Assurance assessments based on a structured assurance plan for contractors are conducted periodically to ensure we safeguard our operations and interests against any regulatory non-compliance and prevent any unwanted occurrences. All findings are analysed to identify their root causes and provide not only a holistic approach in gap closure but also sustained implementation. Findings from the management review are used as input to identify HSE strategic objectives and the new HSE focus areas.

Chimweta Monga
Managing Director







INTEGRATED

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2020 HIGHLIGHTS

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Engen Botswana Limited delivered subdued financial results in 2020, in the face of a challenging business environment. The COVID-19 pandemic created brutal trading conditions. Botswana experienced 46 days of national lockdowns and intermittent fuel shortages due to supply chain disruptions.

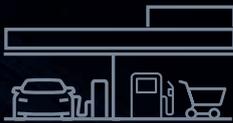
There was a significant decline in global crude oil prices during the period, and demand for goods and services dropped globally, affecting margin. These conditions impacted negatively on gross margins and the financial position of the company.

BUSINESS HIGHLIGHTS

RETAIL



202 Million
litres of fuel sold



1
Service
Stations built



38
Quick Shops at
December 2020

PEOPLE



44
number of employed

COMMERCIAL



97 Million
litres fuel sold in
Botswana

0.8%
volume decline

5%
increase in NPS
score

LUBRICANTS



2.2 Million Litres
Lubes sold in Botswana

FINANCIAL HIGHLIGHTS

SALES VOLUMES

307 Million

litres in 2020; 339 million
litres in 2019

REVENUE

P2.3 Billion

in 2020; P2.9 billion in 2019

OPERATING PROFIT

P98 Million

in 2020; P129 million in 2019

TOTAL ASSETS

P941 Million

in 2020; P1.1 billion
in 2019

ROACE

940 Million

25.5% in 2020; 26.5% in 2019

DEBT EQUITY RATIO

0 %

in 2020; 0% in 2019





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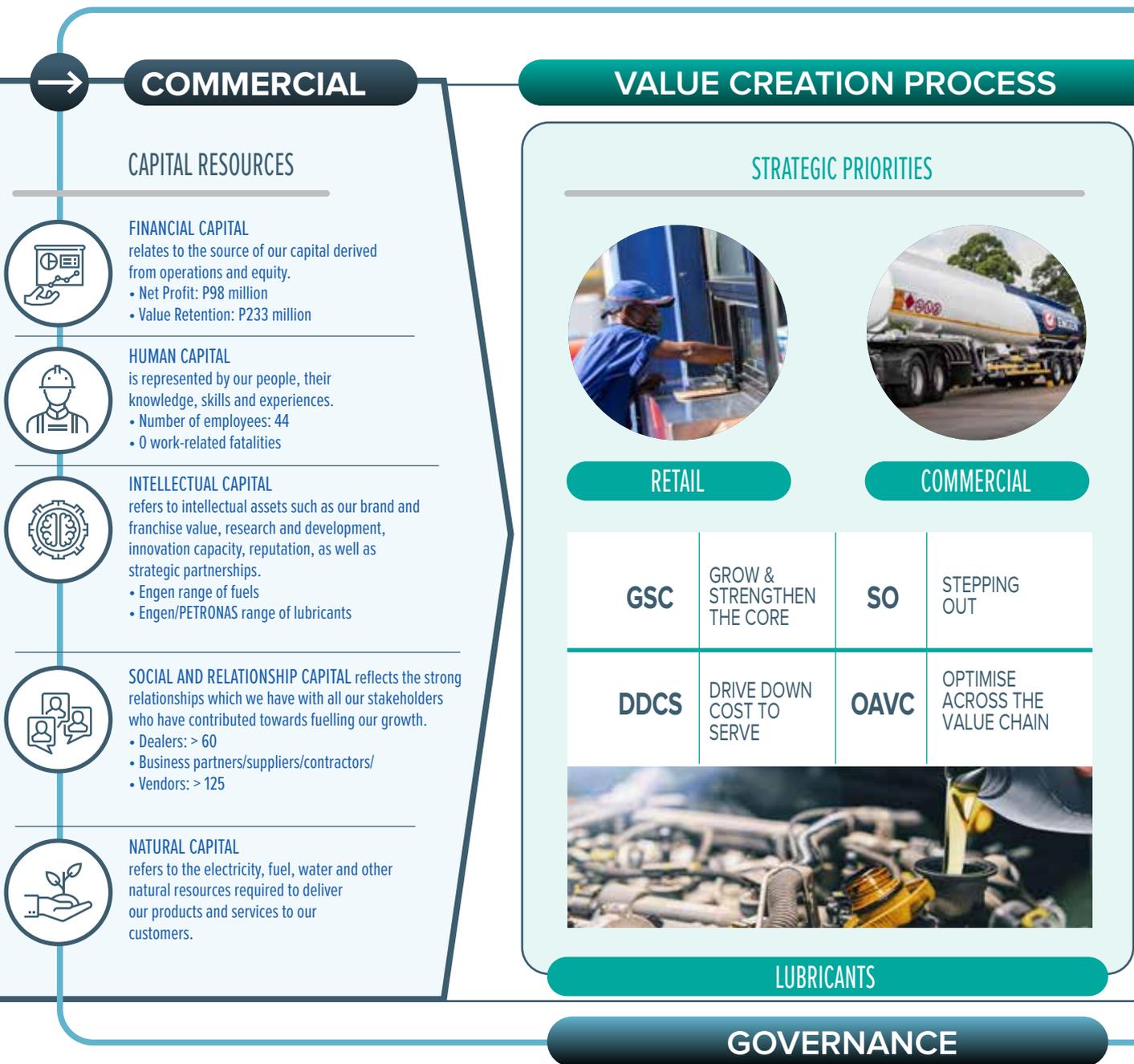
STRATEGIC REVIEW

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Engen Botswana has developed a comprehensive Strategic Plan which runs from 2020 to 2024. The overarching goal is to grow the operation organically in line with market developments, and to enhance the asset base while continuing to invest prudently and selectively. The Company focuses its strategy on the optimisation of its human capital, organisational skills, knowledge base, infrastructure and cash reserves.

OUR VALUE CREATING BUSINESS MODEL

Our business model is designed to create a sustainable future whilst enriching the lives of our stakeholders. We do this through the effective management of our resources and relationships in order to deliver optimal outcomes. While our business model has been successful at creating sustainable value, we are acutely aware of the highly-competitive nature of the markets in which we operate, and the impact that regulatory and technological changes can have on our competitiveness. Accordingly, our business model is built to allow us to respond rapidly to changes in our operating environment.



OUTPUT

MATERIAL MATTERS

- HEALTH SAFETY AND ENVIRONMENT
- CUSTOMER EXPERIENCE
- PERFORMANCE MANAGEMENT
- HUMAN CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- GOVERNANCE & BUSINESS ETHICS

OUR RISKS

- LEGAL AND REGULATORY
- VALUE CHAIN
- CYBERSECURITY AND DIGITAL STRATEGY
- HEALTH SAFETY AND ENVIRONMENT
- OPERATIONS
- STRATEGIC

PERFORMANCE

REVENUE
P2.3 Billion

NET PROFIT
P98 Million

RETURN ON AVERAGE CAPITAL EMPLOYED
25.5%

BOTSWANA VOLUME GROWTH
-9%

ON TIME IN FULL
82%

VALUE CREATED FOR STAKEHOLDERS

INVESTORS

- Consistent return on investment
- P165 472 220 in dividends paid to shareholders

CUSTOMERS

- Fuel customers with our quality petroleum products
- Ensure reliable and security of supply to our customers
- Provide services and convenience at our Engen stations
- 307 million litres of fuel sold
- On Time, In Full = 82%
- Customer (Retail) NPS improved by 75%

DEALERS, CONTRACTORS/SUPPLIERS AND B2B

- Develop local businesses and provide spin-off employment
- Provide long-term partnerships for sustainable growth
- Cultivate capabilities of our business

EMPLOYEES

- Create rewarding employment
- Provide opportunities for progression and development
- Provide equal opportunities and career progression
- P16.2 million* paid for salaries and benefits
- 47% female representation

AUTHORITIES

- Compliance with regulatory requirements
- P49.2 million Taxes paid to Government
- Indirect fuel taxes and levies

COMMUNITIES

- Provide local economic opportunities through employment, business partnerships and entrepreneurship
- Provide socio-economic upliftment through CSR P845 600

ENGEN STRATEGIC PRIORITIES



Retail

- Grow and optimise the convenience, fast food and APO
- Grow NPIS
- Diversify our portfolio
- Increase non-fuels revenue



Commercial

- Optimise growth in selected sectors
- Relationship Management
- Credit management
- Customer NPS



Lubricants

- Growth in distributors and retail
- Collaboration with Commercial Marketing and promotions: retail, distributors and mining
- Leverage on premium margins for lubricants

Key to the strategy's success will be our ability to increase free cash flows by at least 50% and to grow the contribution of non-fuel income to 30% of total revenue over the next five years.

The Company strives towards zero emissions, zero accidents and zero governance lapses going forward.



OPERATING CONTEXT

The government passed a 10.28 thebe per litre margin adjustment in April 2020, the first margin adjustment in three years, which cushioned us against cost increases arising from the effects of inflation. Engen Botswana had built up a substantial over recovery and all obligations to slate over/under recoveries were paid off, with the Company ending the financial year in a slate-neutral position. We applaud the government for its judicious management of the slate during the period under review.

Two price adjustments were implemented during the year - an increase in April 2020 and a decrease in September.

3.5% contraction in global output in 2020.

2.6% contraction in Sub-Saharan Africa.

2.87% downward adjustment of RERC of BWP from 1.51%

The global economy

The Covid-19 pandemic has impacted on all aspects of the economy and has affected the demand of goods and services globally. This has been particularly true for energy related products which have been significantly impacted by the reduction in demand from the tourism, mining and regional travel segments, and the knock-on effect of border closures and inter-zonal movement restrictions. Prices have dropped significantly, and this has impacted on inventory valuation and the financial position of the Company.

Although global economic output is recovering from the collapse triggered by COVID-19, it will remain below pre-pandemic trends for a prolonged period. The pandemic has exacerbated the risks

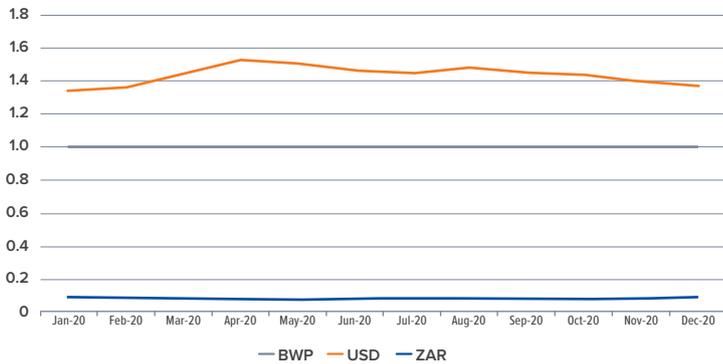
associated with a decade-long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade. According to the World Bank Group President David Malpass, “our response to the pandemic crisis today will shape our common future for years to come. We should seize the opportunity to lay the foundations for a durable, equitable, and sustainable global economy.” *World Bank. 2021. Global Economic Prospects, January 2021. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1612-3. License: Creative Commons Attribution CC BY 3.0 IGO.*

COVID-19 has continued to spread, with sharp resurgences driven by new, more infectious variants, in some areas. Global economic activity started to rebound in mid-2020, but this has moderated in

the uncertain environment. Global investment fell sharply in 2020, particularly for emerging market and developing economies (EMDEs) excluding China.

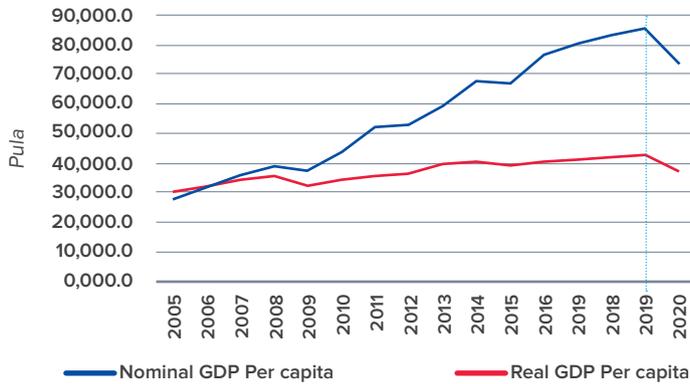
Nevertheless, according to the World Bank, the 2020 global recession was less pronounced than previously expected due to shallower contractions in advanced economies and a more robust recovery in China, whereas most other EMDEs experienced deeper recessions. Global activity is forecast to remain well below pre-pandemic projections as the recovery is hampered by the pandemic’s lingering effects and the majority of EMDEs other than China were more severe than previously envisioned, resulting in deeper recessions and slower recoveries, especially in countries with recent large COVID-19 outbreaks.

BWP/ZAR/USD: JAN - DEC 2020



Source: Bank of Botswana average - monthly exchange Rates

NOMINAL AND REAL GDP PER CAPITA (PULA)



Source: Statistics Botswana

BOTSWANA'S GDP CONTRACTED BY 7.7% IN 2020, AFTER GROWTH OF 3.0% IN 2019.

BRENT CRUDE OIL PRICES



Source: The GlobalEconomy.com, World Bank



The growth of the global economy

Globally, real GDP declined by 4.3% in 2020 compared to a 2.3% growth in 2019. GDP of the advanced economies declined by 5.4% while that of emerging market and developing economies (EMDEs) contracted by 2.6%. The South African GDP contracted by 7.8%, well below the Sub-Saharan African figure of -3.7%.

Oil prices declined by 33.7% during the year, following a 10.2% decrease in 2019, while the non-energy commodity index showed a 2.2% increase for 2020.

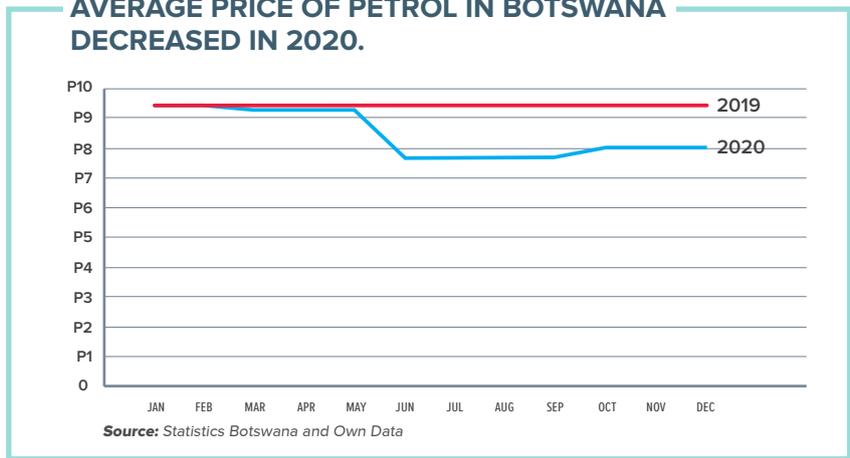
Prospects for the global economy are uncertain, and according to the World Bank, several growth outcomes are possible in the baseline forecast. Global GDP is expected to expand by 4% in 2021, 5.3% below pre-pandemic projections. This is predicated on proper pandemic management and effective COVID-19 vaccination, as well as continued monetary policy accommodation accompanied by diminishing fiscal support.

OPERATING CONTEXT [CONTINUED]

PETROL PRICE

In 2020 the retail pump price for petrol and diesel fell by P0.13 and P0.10 per litre respectively in April 2020. A similar development was recorded in September 2020 whereby retail pump prices for petrol and diesel dropped by P1.63 and P1.40 per litre respectively. There were no fuel price changes in 2019.

AVERAGE PRICE OF PETROL IN BOTSWANA DECREASED IN 2020.

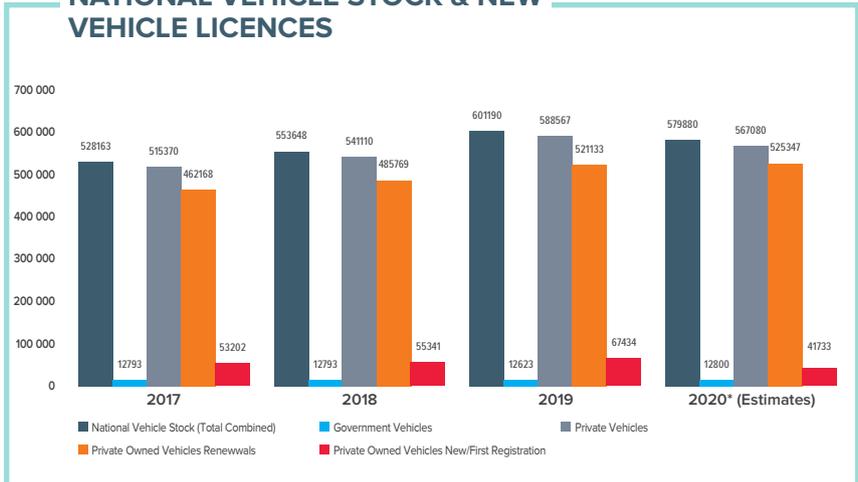


AVERAGE PRICE OF PETROL IN BOTSWANA DECREASED BY IN 2020

NATIONAL VEHICLE STOCK, GOVERNMENT VEHICLES, PRIVATE VEHICLES & FIRST REGISTRATIONS - 2020

In 2020 there was a drop in private vehicles which predominate the national vehicle stock by 3.7% from 588,567 in 2019, to 567,080 in 2020.

NATIONAL VEHICLE STOCK & NEW VEHICLE LICENCES



Source: Transport & Infrastructure Statistics, Statistics Botswana

Private vehicle stock Privately owned motor vehicles are categorized into first registrations and renewals. **Government vehicle stock** constitutes vehicles owned by the central government under the custody of Central Transport Organisation (CTO). **National Vehicle Stock** of motor vehicles comprises of government owned motor vehicles and privately owned motor vehicles.

The World Bank expects global growth to moderate in 2022 to 3.8% - still above its potential pace but hampered by lasting damage from COVID-19. By 2022, global GDP is still expected to be 4.4% below pre-pandemic projections - with the gap in EMDEs nearly twice as large as in advanced economies - as output remains dampened by lingering risk aversion on the demand side and the effects of diminished physical and human capital accumulation on labour productivity.

Botswana economy

To date the health impact of COVID-19 in Botswana is still relatively low in absolute numbers but this may be attributable to the strong measures taken by the Government to contain the rapid spread of the virus in the first few months of the outbreak. However, the pandemic continues to spread and new variants of the virus pose increased dangers. It has become evident that the duration of the COVID-19 pandemic will be much longer than originally anticipated, and that the pandemic will only be contained once a vaccine is widely available and distributed to most of the population. Although Botswana is a member of the World Health Organisation COVAX initiative, which

is intended to provide access to vaccines to cover at least 20% of the population, at this time the Botswana vaccine roll-out timetable is still unclear.

GDP

In terms of the economic impact of the COVID-19 pandemic, real GDP data released by Statistics Botswana for the fourth quarter of 2020 indicate that the Botswana economy contracted by 7.9% during the year, worse than the 7.7% contraction experienced during the 2009 global financial crisis. The downturn resulted in the mining sector contracting by a significant 26.2%, while the non-mining private sector (NMPS) contracted by 8.0%. This sharp contraction in the mining sector significantly impacted on the balance of payments and the government budget.

The tourism sector has experienced a devastating downturn and is likely to take much longer to recover than other sectors of the economy, particularly the diamond sector. While tourism contributes much less than diamonds in terms of its share of GDP, the sector employs many more people and has more direct linkages to the rest of the economy, encompassing a wide range of activities including transport,

accommodation, and many support services. Despite an extension to the end of 2020 of the government wage subsidy scheme for the sector, prospects for recovery remain unclear. Recovery of some other sectors, including entertainment, bars and restaurants, brewing, and some retail activities is similarly largely dependent on a resolution of the COVID-19 crisis.

On a positive note, the small Botswana agriculture sector, which contributed 2% of GDP, recorded positive growth in 2020, largely due to import restrictions imposed during the pandemic to boost local production, and consequential higher prices.

RISKS AND MATERIALITY

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

OUR APPROACH

Engen is committed to ensure effective risk management in pursuit of our strategic and business objectives. Risk management is embedded into key decision-making processes and day-to-day activities.

Engen adopts PRM (PETRONAS Resilience Model) to effectively manage risks in a comprehensive and systemic manner.

PRM includes the following modules:

- Risk Assessment in Decision Making (RADM)
- Risk in Strategic Planning (RiSP)
- Country Report (CR) & Country Risk Report (CRR)
- Partner & Partnership Risk Management (PPRM)
- Integrated Crisis Management (iCMP)
- Business Continuity Management (BCM)
- Risk Appetite
- Risk Quantification

Our Enterprise Risk Management (ERM) department uses the BarnOwl System to document risk management activities which are to; identify, assess, treat, monitor and report on risks and emerging risks.

Crisis Management and Business Continuity Management activities are maintained in the INTERISK system.

Enterprise Risk Management is intended to ensure resilience of the organisation through effective mitigation of the impacts of the ever-changing business risks associated with value creation processes in the local and global economy.

Our goal is to protect People, Environment, Assets and Reputation (PEAR) and to create value through our business and support activities. This requires us to objectively manage risk exposure 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, training of key personnel, and companywide communication to ensure that Enterprise Risk Management is continuously improved and institutionalised across the organisation.

The Engen Botswana Limited Board oversees our ERM process. The Board Audit Committee (BAC) ensures that Engen complies with the relevant standards and industry norms, and that they are applied effectively across our business to achieve an acceptable risk profile for the company.

OUR RISK GOVERNANCE FRAMEWORK

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

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

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

Significant effort goes into continuously 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.

OUR GOAL IS TO PROTECT PEOPLE, ENVIRONMENT, ASSETS AND REPUTATION AND TO CREATE VALUE THROUGH OUR BUSINESS AND SUPPORT ACTIVITIES.







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PERFORMANCE REVIEW

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HIGHLIGHTS

Revenue decreased by 20% mainly due to the COVID-19 lockdowns and travel restrictions which were in force for the greater part of 2020. There were two price adjustments, and an industry margin adjustment was affected in April 2020 for price-controlled products. Non-price-controlled products were subject to market related price adjustments.



155%

increase in Finance
Income from
P4 million in 2019 to
P10.2 million in 2020.

24%

decrease in Net Profit
After Tax on the overall
group's performance

**THE
GROUP**

exercised good margin
management and cost
control throughout the
year.

SUMMARY OF PERFORMANCE HIGHLIGHTS

Attributable
earnings per share:

61.4

thebe per share

Retail sales channel
performance:

2%

Gross Margin
increase

Commercial
performance:

8%

Gross Margin
increase

Retail and convenience
network performance:

1

new service station
and quick shop added

3

under construction

Consolidated
convenience income:

7.8%

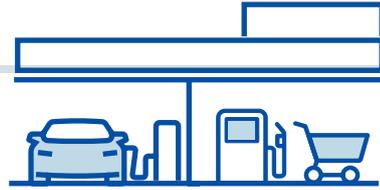
decline in Convenience
Income

RETAIL

WHO WE ARE AND WHAT WE DO

Our Retail business offers FUEL AND CONVENIENCE products and services to consumers through our network of 60 Engen service stations and 38 Quickshops across Botswana.

In 2020 we continued to deliver our brand promise “With us you are Number One” in every interaction with our loyal customers. To this end, we always aim to provide the best products and services at our service stations to keep delighting them by delivering a superior customer experience in a consistent manner supported by our best-in-industry customer loyalty.



KEY HIGHLIGHTS



202 Million
litres of fuel pumped



1
Quickshop was added



1
new service station was fully constructed and 3 were in progress

COMMERCIAL

In 2020, our Commercial business saw a decline in the growth volume in a tough business environment.



KEY HIGHLIGHTS



1.2 Million
litres decline in volume due to Covid-19

LUBRICANTS

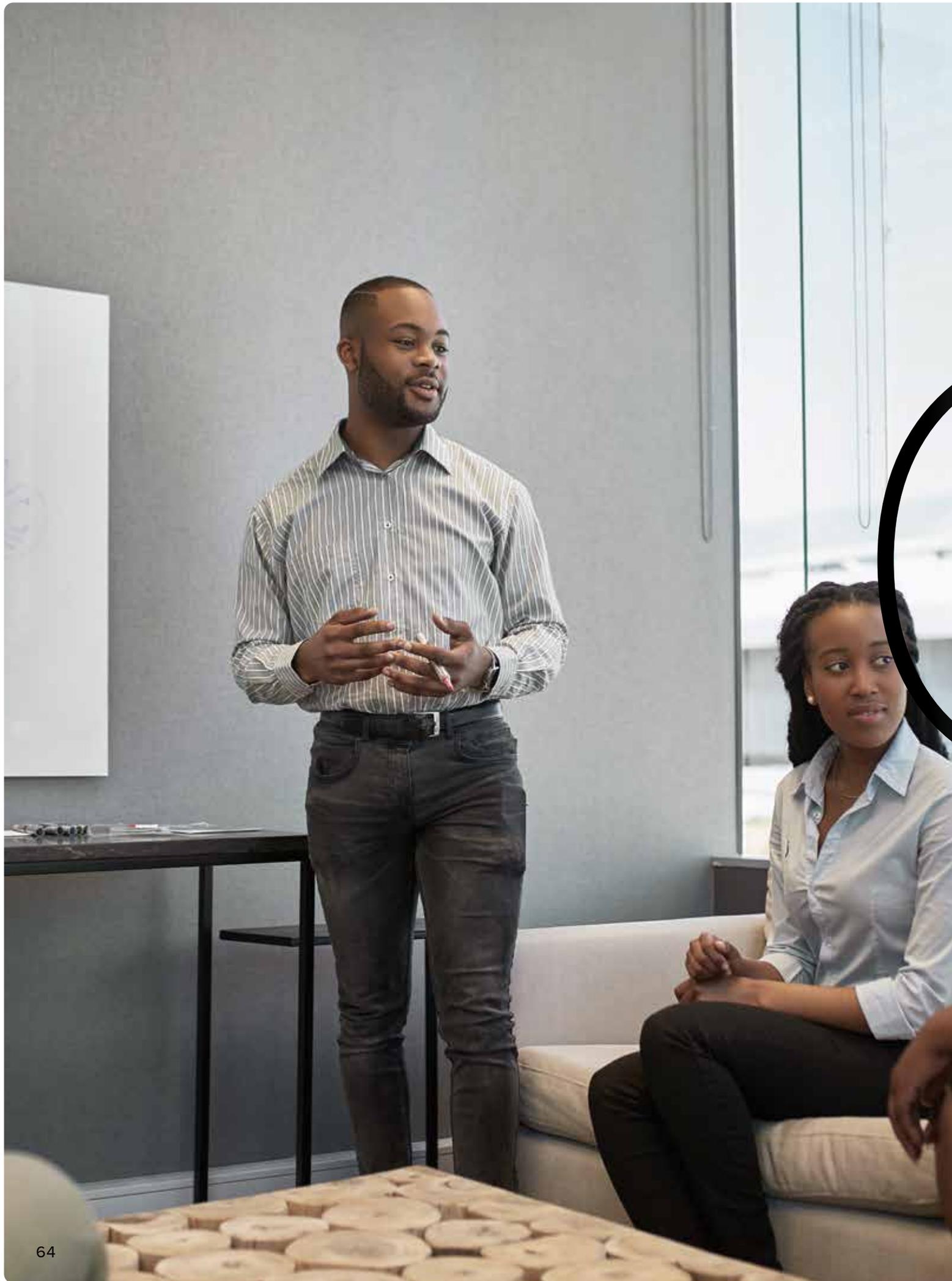
We continue to leverage technology i.e. Fluid Technology Solutions, which is a winning differentiator in responding to the needs of our customers and the industry.



KEY HIGHLIGHTS



2.2 Million
litres sold





ENGEN

INTEGRATED

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LEADERSHIP

Board of Directors	66
Management Team	70

BOARD OF DIRECTORS

Directors of Engen Botswana Limited continued to focus on ensuring the business mandate was delivered upon, providing strategic direction at every turn.



Shabani Ndzinge

Chairman

Independent Non-Executive Director

BA, (Dar Es Salaam), MS, (Delaware), PhD (Kent)

Shabani is an experienced leader, administrator and academic, with over 30 years of work experience. In 2011, he was appointed Deputy Vice Chancellor of Botswana International University of Science and Technology (BIUST), where he oversaw finance and administration. He executed a similar role at the University of Botswana and previously headed the Business Faculty at the same institution. Shabani is a member of several boards, including the Botswana Accountancy College, the Institute of Development Management, Bryte Risk Services Botswana and TA Sebube (Proprietary) Limited.

He is a former board member of the Botswana Development Corporation, the University of Botswana and BIUST.



Chimweta Monga

Managing Director

Executive Director

MBA (University of Lincolnshire and Humberside - UK), Bachelor of Accounting and Finance (Zambia)

Chimweta studied Accounting and Finance at the University of Zambia and worked briefly as a computer programmer before joining first Citibank and then Caltex. He was rapidly promoted to Managing Director of Caltex Zambia before joining Chevron as a Regional Manager for Commercial Business in Chevron's associated companies based in South Africa. Chimweta has over 30 years of experience in the oil industry in Southern Africa and was appointed Managing Director of Engen Botswana Limited in 2012.



Stephen Williams

Member

Non-Executive Director

BA (Hons) Philosophy of Leadership, BA Economics and Industrial Psychology, Post Graduate Diploma in Industrial Relations, (University of Natal), Diploma in Strategic Transformation (University of Stellenbosch, Business School)

Stephen was appointed to the board of Engen Petroleum Limited in December 2008 and is a member of the Remuneration Committee. He served as the Chairman of the board of South African Oil Refinery (Pty) Ltd, a base oil refinery in Durban owned jointly by Engen, Total and Chevron. He has worked in the downstream oil industry for over 35 years, initially with the then Mobil Oil in 1984, and more recently as GM of Engen Africa Middle East for PLI.

BOARD OF DIRECTORS [CONTINUED]



Heather Morrison

Member

Non-Executive Director

BCom (Hons) (University of Natal), BCom (UCT). Registered Chartered Accountant (SAICA)

Heather has served on the boards of Engen Petroleum Zambia Limited, Engen Rwanda Limited (as Chairperson); Engen Namibia (Pty) Ltd, where she chaired the Audit Committee; Engen International Holdings Limited; and is a member of the Board Audit Committee. She began her career at Ernst & Young in Cape Town in 1999 and joined Engen Petroleum Limited in 2005. She was appointed Planning, Performance and Reporting Manager (Finance Division) in 2017.



Leonard Makwinja

Member

Independent Non-Executive Director

BSc Hons (Cardiff), MBA (London)

Leonard has been an Independent Non-Executive Director of Engen Botswana Limited since August 2016 and is a member of the Remuneration Committee. He has had an illustrious career in the mining field spanning over 30-years, with the past 15-years spent in management positions. He has been the General Manager of Orapa and Letlhakane Mines, and was the Deputy Managing Director at Debswana Diamond Company (Pty) Ltd. from 2005 to 2007.

He has served several directorships in listed and non-listed entities, including Chairman of Morupule Colliery, Chairman of Botswana Telecommunications Corporation Limited (2006 to 2014), Director of Botswana Telecommunications Corporation Limited, and Non-Executive Director in African Banking Corporation. He served as Executive Director of Six Plus One Consulting (Pty) Ltd. He serves as the Chief Executive Officer of Botswana Railways.



Anthony Siwawa

Member

Independent Non-Executive Director

BSc (Hons) Comp. Sc. (Aston, UK) ACCA (UK), MBA Chicago Booth

Anthony has extensive experience in developing and formulating business strategy, economics and finance and is a sought-after speaker throughout Africa and the United States. He has worked in private equity, venture capital, investment banking and corporate finance and management consulting, and has developed a thorough understanding of the Southern African region. He is the founder and Managing Director of private equity fund manager VPB (Proprietary) Limited and founded corporate finance company AMS Capital.

He sits on various boards in Botswana and across the region, including the South African Venture Capital Association, and the African Venture Capital Association. He is the Chairman of the Remuneration Committee and a member of the Board Audit Committee.



Frederik Kotze

Member

Non-Executive Director

BA (Hons) Business Science, MBA (Stellenbosch)

Frederik has been a director of three Petronas subsidiaries in Malaysia, namely Petronas Ethylene Malaysia, Petronas Polyethylene Malaysia, and Petronas Polypropylene Malaysia. He joined Engen Petroleum in 1993 as a retail pricing executive and has served in various capacities throughout the group. He is currently the Head of the International Business Division and is a member of the Remuneration Committee of the board of Engen Botswana Limited.



Francois Mintoor

Board Secretary

MANAGEMENT TEAM

At Engen we pride ourselves in bringing Botswana's captains of industry who hold the wisdom, credentials and passion to lead our people to drive both results and innovation.

With backgrounds derived from a variety of different corporate cultures and experiences, our strong leaders and champions of the Engen Botswana Limited brand are committed towards ensuring that each and every customer experience transcends the level of excellence even they may expect.





1 Chimweta Monga
Managing Director

2 Patrick Matshane
Commercial Manager

3 Brian Sameke
Finance Manager

4 Francinah Tswai
Human Capital Manager

5 Thuso Pule
Distribution Manager

6 Refilwe Rakgabo
Property Consultant

7 Tawanda Kitsi
Retail Manager

8 Modiri Garenamotse
HSEQ Manager





INTEGRATED

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GOVERNANCE & REMUNERATION

Our Approach	<u>74</u>
Board and Committee Structure	<u>74</u>
King III Compliance Review	<u>76</u>

Our approach

The Directors believe that effective corporate governance is an essential requirement for the successful realisation of Engen Botswana's business objectives. The Board is committed to the principles of openness, integrity and the highest of ethical standards, standing in fulfilment of Engen Botswana's corporate responsibilities.

The Group is committed to the highest standards of corporate governance and is implementing the King III with the intention of implementing applicable principles of King IV by the end of 2021. We have been able to implement some of the recommendations already as we comply with all international accounting regulations and the Engen Group standard best practices in corporate governance, while being sensitive to country context.

Engen also has its own code of ethics, which substantially complies with the recommendations in the King IV Report and continues to review areas requiring further attention. The following information is provided to give our stakeholders a better appreciation of Engen Botswana's current procedures to ensure a high standard of corporate governance. The 2020 audit once again provided excellent results, without any contraventions or points for review, a result of which we can be proud.

Board and Committee Structure

The Engen Botswana Board comprises eight Non-Executive Directors, and one Executive Director, and meets at least four times per year. Dr Shabani Ndzingo is the Chairman of the Board. All Non-Executive Directors have a wide range of skills and significant commercial and operational experience, enabling them to bring independent judgment to Board deliberations and decisions. The Directors have access to the advice and services of the Company Secretary and are entitled, at the Company's expense, to seek independent professional advice regarding the business. Mr Matthews passed away in September 2021 and was duly removed as a director in the same month, and his position has not yet been filled, resulting in a total of seven Non-Executive Directors serving for the remainder of the year.

The Management Committee is chaired by Chimweta Monga, the Managing Director, and includes all Group divisional managers. The Management Committee meets at least eleven times a year and deals with all operational, business and strategic development issues of the Group not specifically reserved for the Board.

The Audit Committee comprised four Non-Executive Directors. With the passing of Mr Matthews, the Audit Committee is being chaired by Ms Morrisio on an interim basis until the appointment of the chairperson is finalised and meets at least twice a year. The Audit Committee is regulated by specific terms of reference, which include the reviewing of the effectiveness of the Company's internal controls, the monitoring and approval of accounting policies, corporate governance matters, and financial reporting. The Audit Committee receives reports from the Company's internal and external auditors, who attend its meetings and who have unrestricted access to the Chairman and Audit Committee members. This ensures their independence is in no way impaired.

The Remuneration Committee comprises three Non-Executive Directors and is chaired by Anthony Siwawa. It meets at least twice a year. Its mandate is to regulate policy, approve senior management appointments and compensation,

determine remuneration levels of staff, including incentives, and ensure appropriate preparation for Management succession.

Accountability and Control

The Directors are required by the Companies Act to prepare Annual Financial Statements, which fairly present the financial position of Engen Botswana Ltd at the end of the financial year. The Annual Financial Statements are presented in conformity with the revised Companies Act; the Botswana Stock Exchange (BSE) listing requirements and International Financial Reporting Standards (IFRS16) The Board has put in place a structure with clearly defined lines of responsibility, segregation of duties and delegation of authority.

- Directors
- Sub-committees
- Remuneration
- Ethics
- Board and Committee Structure
- Accountability and Control

Compliance with Tax Regulations for Payments

The company paid all tax obligations related to income tax, value added tax and withholding taxes by due dates during 2020.

Compliance with Provisions of Local Law

The company complied with all requirements of local legislation for the 2020 financial year.

Meeting Attendance

Board Meetings 2020

S Ndzinge (<i>Chairman</i>)	5/5
C Monga (<i>Managing Director</i>)	5/5
A Siwawa	5/5
F Kotze	5/5
R Matthews (<i>Removed 12 September 2020</i>)	4/4
L Makwinja	5/5
S Williams	5/5
H Morrison	5/5

Audit Committee Meetings 2020

R Matthews (<i>Chairman</i>) (<i>Removed 12 September 2020</i>)	1/1
A Siwawa	2/2
H Morrison (<i>Acting Chairperson</i>)	2/2

Remuneration Committee Meetings 2020

A Siwawa (<i>Chairman</i>)	2/2
F Kotze	2/2
L Makwinja	2/2
S Williams	2/2

Directors Fees

For the Year Ended
31 December 2020

	Total P
Non-Executive Directors	
S Ndzinge	327,387
A M Siwawa	303,191
F J Kotze	209,901
R N Matthews	169,476
L Makwinja	233,224
H Morrison	209,901
S Williams	209,901
	1,662,981
Executive Director	
C Monga	1,612,010
Total	3,274,991

KING III COMPLIANCE REVIEW

Engen Botswana Limited adopted King III for the financial year and the results of the review of compliance are noted below:

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
1. Ethical Leadership and Corporate Citizenship:				
Responsible Leadership; the Board's Responsibilities and Ethical Foundation.	1.1	The board should provide effective leadership based on an ethical foundation.	Responsible Leadership; the Board's Responsibilities and Ethical Foundation.	Responsible Leadership; the Board's Responsibilities and Ethical Foundation.
	1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	The Engen Botswana Limited Board continuously discusses the provision for dismantling, decommissioning and rehabilitation of sites and Safety, Health and Environment processes of which a report on that is shared with the Board during all Board meetings. The Directors Report in the Integrated Annual Report provides a comprehensive update on Corporate Social Responsibility Plans and progress within the Company.
	1.3	The board should ensure that the company's ethics are managed effectively.	Applied	Engen Botswana Limited ensures it adheres to the Petronas Code Of Conduct and Business Ethics. The Code covers core values and culture, issues of conflict of interest, financial integrity, fighting corruption and unethical behaviour, disclosure duties, confidentiality obligations, etc. The Directors Report in the Integrated Annual Report discloses the expected use of the Code by the relevant Engen employees.
2. Boards and Directors:				
Roles and Responsibilities of the Board	2.1	The board should act as the focal point for and custodian of corporate governance.	Applied	In accordance with the Engen Botswana Limited Board Charter, the Board has made it its responsibility to act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.
	2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	In assessing the strategy and performance of Engen Botswana Limited, the Board takes reports on sustainable development and risk management, which are managed and assessed mainly by management and the Board Audit Committee and reported during Board meetings conducted.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	2.3	The board should provide effective leadership based on an ethical foundation.	Applied	The Board has a board charter and appropriate structures and processes in place to ensure that the business is conducted in an ethical manner. The Group's seven values are integrated into the performance management system that is reviewed annually. It is ensured that all Engen employees adhere to the Petronas Code of Conduct of which Ethical behaviour is greatly covered and forms part of the Company's values and culture.
	2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	The Engen Botswana Limited Board continuously discusses the provision for dismantling, decommissioning and rehabilitation of sites and Safety, Health and Environment processes which are reported to the Board during all Board meetings. The Directors Report in the Integrated Annual Report provides a comprehensive update on Corporate Social Responsibility Plans and progress within the Company.
	2.5	The board should ensure that the company's ethics are managed effectively.	Applied	Engen Botswana Limited ensures it adheres to the Petronas Code Of Conduct and Business Ethics. The Code covers core values and culture, issues of conflict of interest, financial integrity, fighting corruption and unethical behaviour, disclosure duties, confidentiality obligations, etc. The Directors Report in the Integrated Annual Report discloses the expected use of the Code by the Engen Staff members.
	2.6	The board should ensure that the company has an effective and independent audit committee	Applied	Engen Botswana Limited has established the Board Audit Committee. The Board Audit Committee ToR has not yet been approved by the Board as at 14 April 2020. As per the ToR, the Committee shall have a minimum of two meetings in a year of which the Managing Director, representatives from the external auditor, other assurance providers, professional advisors and other Board members may be in attendance at Board Audit Committee meetings, but by invitation only and may not vote. The Committee has two Independent Non-Executive Members and one Non Executive Member.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	2.7	The board should be responsible for the governance of risk.	Applied	In accordance with the Engen Botswana Limited Board Charter, the Board is responsible for the Governance of Risk. The company has a comprehensive risk register which is continuously updated by the Managing Director and shared with the Board. Risk Management is periodically discussed with the Board during the Board meetings held.
	2.8	The board should be responsible for information technology (IT) governance.	Applied	The Board has stated in its Charter the governance of Information Technology as one of its responsibilities. The establishment of appropriate IT policies, framework and strategy is done at Group level but having the Board as the Decision point.
	2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The Managing Director ensures that an update on the applicable Laws and Regulations is shared with the Board and a Dashboard Report on the Compliance with the Laws and Regulations is shared / presented during Board Meetings conducted.
	2.10	The board should ensure that there is an effective risk-based internal audit.	Applied	Internal Audit is conducted at Group Level by the Group Internal Audit team that is based in Cape Town. The Engen subsidiaries (Engen Botswana Limited included) are regularly audited at Group level during which process / control efficiency is reviewed and a report is shared with the subsidiaries.
	2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	Applied	The Board receives regular presentations on Corporate Social Investment and Stakeholder Engagements / Partnerships.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	2.12	The board should ensure the integrity of the company's integrated report.	Not Applied	This is the first Integrated Report issued by the Company, and was developed during the year under review. Note: The Integrated Annual Report which provides a broad and comprehensive view of the Engen Botswana Limited's operational, financial and non-financial status is formally reviewed and approved by the Board upon the recommendation of the Board Audit Committee. The Integrated Annual Report is then shared with the Botswana Stock Exchange and published as public information.
	2.13	The board should report on the effectiveness of the company's system of internal controls.	Not Applied	Internal Audit provides a written assessment on the design, implementation and effectiveness of the company's system of internal financial controls on an annual basis. Based on the results of this assessment, the Board Audit committee is able to form an opinion on whether the internal financial controls form a sound basis for the preparation of reliable financial statements. However, no statement on the effectiveness and adequacy of the internal controls are being reported in the annual report published.
	2.14	The board and its directors should act in the best interests of the company.	Applied	The Board comprises of an appropriate mix of skills, enabling it to interrogate all aspects of the company's operations and provide the required leadership. A Policy on Dealings has been implemented of which Directors are required to comply with the provisions made within the policy that covers dealings in relation to securities and dealing conducted during prohibited periods.
	2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed.	Applied	The liquidity of the company is continuously monitored by Management and the Board Audit Committee. Cash flow is monitored by the Finance Manager on a regular basis. The company also assesses the "going concern" status at the financial year end. The Board Audit Committee is frequently updated by the Auditors as well as Finance Manager on the potential risks that would likely affect the going concern status of the company. The potential financial risks and performance / conduct of the Finance Team is presented and shared with the Board. The Board will consider such procedures or other turnaround mechanisms in the event that such circumstances arise.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.	Applied	The Board of Engen Botswana Limited has appointed Mr. Shabani Ndzinge who is an Independent Non Executive Director of the Board to the role of Chairman of the Board of Directors of Engen Botswana Limited. The Board has appointed Mr.Chimweta Monga as the Managing Director of Engen Botswana Limited. Accordingly, the role and the functions of the Chairperson and the Managing Director / CEO are separated.
	2.17	The board should appoint the CEO and establish a framework for the delegation of authority	Applied	The Board has appointed Mr.Chimweta C. Monga as the Managing Director (MD) who is accountable to the Board on the implementation of strategies, objectives and decisions of the Board within the framework of the delegated authorities, values and policies of the Company. A "Delegation of Authority" Manual has been implemented within the Company which outlines the detailed responsibilities of the Managing Director in regard to the company's polices and procedures.
Composition of the Board	2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of nonexecutive directors should be independent.	Applied	<p>The Board has eight Directors in the Board as at 30 April 2020 comprising of one Executive Director, three Non executive Directors and four Independent Non Executive Directors.</p> <p>The Group has adopted King Code (King III) as the framework for corporate governance. Engen Botswana has applied the guidelines as entrenched in the revised Botswana Stock Exchange listing rules. One of the principles relating to the Board and directors states that the evaluation of the board, its committees and individual directors should be performed every year. In addition, the Company should independently assess the performance of those directors who had served in excess of nine years on the Board.</p> <p>The Company will be conducting independent assessments of the directors who have served more than nine years on the Board during the course of the next financial year.</p> <p>The Board considers the qualifications, expertise, experience and gender diversity of the Board Members during recruitment. This is to ensure a diverse skill set and gender diversity on the Board is maintained. The Remuneration Committee ("REMCO"), being responsible for the deliberations on the matter report to the Board on recommendations for Board appointments. The Board is in the process to recruit Directors and considered the expertise, experience and gender diversity.</p>

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Board Appointments Process	2.19	Directors should be appointed through a formal process.	Applied	In accordance with the Board Charter, the Chairman of the Board is responsible for the final authorisation and appointment of new Board candidates. PricewaterhouseCoopers Botswana in the capacity of Company Secretary assists Engen Botswana Limited in the process of appointment of new Directors in-country. Appointed Directors are then given approval forms of which they are required to sign. Renewal of the terms of appointment of one-third of the Board of Directors takes place during the Annual General Meeting ("AGM").
Director Appointment	2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Applied	The Directors Induction Policy of Engen Botswana Limited prescribes the requirement for newly appointed Directors to undergo a comprehensive and formal induction training. The induction program includes briefings on the company and its operations by the Managing Director and the company secretary. Newly appointed directors are also provided with written background information about the company and the duties of Directors. Further, the Induction Policy prescribes the requirement for Director Trainings and is conducted by Engen Botswana Limited as deemed necessary.
Company Secretary	2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	Applied	As per the Charter, the Board is responsible for the appointment of a Company Secretary that shall be responsible for Ensuring that relevant laws and rules for the conduct of the affairs of the Board are adhered to and provide guidance to the Board on the duties of the directors and good governance, etc. Engen Botswana Limited has appointed PricewaterhouseCoopers Botswana as the Company Secretary. The Board of Directors satisfies itself, on an annual basis, on the competence, qualifications and experience of the Company Secretary. The Company Secretary is PricewaterhouseCoopers ("PWC") Botswana, a well established global audit firm represented by suitable skilled Directors, advising the Board on various governance related matters. The Company Secretary is supported by a suitable and qualified Board Secretary, being a member of the Institute of Directors of South Africa ("IODSA") as well as the Institute of Chartered Accountants ("SAICA") and having many years of corporate governance experience. The Board determines the competence of the Company Secretary through yearly Board Evaluation Questionnaires as required by KING III. The last Board Evaluation Questionnaires performed was in 2020.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Performance Assessment	2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	Applied	Engen Botswana Limited has requested PricewaterhouseCoopers Botswana to perform a Board Evaluation during the year 2020. The last Board Evaluation was performed in 2017 as an internal evaluation based on King III Code on Corporate Governance. The evaluation was internalised and conducted by the Board Secretary.
Board Committees	2.23	The board should delegate certain functions to well structured committees but without abdicating its own responsibilities.	Applied	As per the Charter, the Board has the authority to delegate certain functions to well-structured committees without abdicating its own responsibilities. Engen currently has two Board Committees comprising of the Board Audit Committee and the Remuneration Committee. The Committees have Terms of Reference that clearly state the roles and responsibilities of each of the Committees and its Members.
Group Boards	2.24	A governance framework should be agreed between the group and its subsidiary boards.	Applied	Engen Botswana has implemented and adopted various policies, processes and procedures of the parent / holding company into the local subsidiary company. Limits of Authority have been implemented during the year 2018 to ensure all departments are aware of their roles and responsibilities in each process carried out. The manual shows delegation in all the company's processes.
Remuneration of Directors and Senior Executives	2.25	Companies should remunerate directors and executives fairly and responsibly.	Applied	As per the Remuneration Committee Terms of Reference, the Committee is responsible for the deliberation on remuneration activities by the Board. Non-executive Directors fee policy has been put in place to assist the Board with regard to remuneration of Non-executive Directors.
	2.26	Companies should disclose the remuneration of each individual director and each prescribed officer.	Applied	The remuneration of Executive and Non-executive Directors has been disclosed publicly to Stakeholders under "Directors Fees" section in the most recent Integrated Annual Report of the company.
	2.27	Shareholders should approve the company's remuneration policy.	Applied	In accordance with standard market practices, Engen Botswana Limited approval of its remuneration policy and remuneration for the prior financial year from shareholders at the Annual General Meeting.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
3. Audit Committee:				
	3.1	The board should ensure that the company has an effective and independent audit committee.	Applied	Engen Botswana has established the Board Audit Committee. As per the Committee's ToR, the Committee shall have a minimum of two meetings annually and whereby the Managing Director, external statutory auditors and other assurance providers, professional advisors and other Board Members are required to be in attendance at Board Audit Committee meetings subject to invitation only and may not vote on any resolutions set forth.
Membership and Resources of the Audit Committee	3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	Applied	<p>The Board Audit Committee consists of three skilled members which comprises of one Executive Directors and two Independent Non Executive Directors as indicated below as at 30 April 2020:</p> <ol style="list-style-type: none"> 1) H. Morrison (Non -Executive Director) a Planning, Performance and Reporting Manager at Engen Petroleum Limited 2) Anthony Siwawa (Independent Non- Executive Director) is the founder and Managing Director of Private Equity Fund manager VPB (Proprietary) Limited and founded Corporate Finance company AMS Capital; 3) Robert Matthews (Independent Non Executive Director) is a retired partner of PricewaterhouseCoopers Botswana and in charge of audit and business advisory services.
	3.3	The audit committee should be chaired by an independent non-executive director.	Applied	The Chairman of the Committee is an Independent Non Executive Director and attends all Annual General Meeting as per the Board Charter.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
3. Audit Committee: [continued]				
Responsibilities of the Audit Committee	3.4	The audit committee should oversee integrated reporting	Not Applied	<p>This is the first Integrated Report issued by the Company, and was developed during the year under review.</p> <p>Note: The Integrated Annual Report of Engen Botswana Limited provides a broad and comprehensive view of Engen Botswana's operational, financial and non-financial status which is formally reviewed and approved by the Board upon the recommendation of the Board Audit Committee. However, no process has been implemented for the preparation of an Integrated Annual Report for the company in accordance with an applicable Integrated Reporting framework (e.g. International Integrated Reporting Council).</p>
	3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Applied	<p>The Board Audit Committee monitors the relationship between internal and external assurance providers and regular reports are given on high risk matters during Committee meetings held and the Board focuses on a co-ordinated approach to managing risks.</p> <p>Note: Management is committed to the development of a formalised process on documenting the combined assurance work performed / framework in the proceeding financial period.</p>
Internal Assurance Providers	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	Applied	<p>Engen Botswana has established the Board Audit Committee. As per the Committee's ToR, the following responsibilities have been set for the Committee:</p> <ol style="list-style-type: none"> 1) The Board Audit Committee shall review the expertise, resources and experience of the Company's finance function, and 2) The Board Audit Committee shall also consider and satisfy itself of the suitability of the expertise and experience of the Finance Manager annually. <p>The Board Audit Committee satisfies itself, through deliberations on the appropriateness of the expertise and experience of the Finance Manager on a yearly basis and report to the Board. During such deliberations the Finance Manager is excused from the Board Audit Committee and Board meetings. The Board Audit Committee and Board is satisfied of the expertise of the Finance Director, coupled with his suitable qualifications and needed experience.</p>

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
3. Audit Committee: [continued]				
Internal Assurance Providers	3.7	The audit committee should be responsible for overseeing of internal audit.	Applied	As per the Board Audit Committee ToR, the committee shall approve the annual Internal Audit Plan in conjunction with the Chief Internal Auditor and make recommendations to the Board for approval. Internal Audit is performed by the parent / holding company at group level.
	3.8	The audit committee should be an integral component of the risk management process.	Applied	The mission of the Board Audit Committee is to ensure that it has identified and understands the areas of business which, due to their nature or exposure to risk, are critical to its operations and success. With such consideration the departments within Engen Botswana Limited have developed Enterprise Departmental Risk Registers which are shared with the Committee during meetings held for identification and assessment of risks.
	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	Applied	As stated in the Board Audit Committee ToR, the Committee must recommend the External Statutory Auditor for appointment by the Shareholders during the Annual General Meeting. The Board Audit Committee recommended Ernst and Young (Botswana) as the External Statutory Auditors. An external audit plan presented by Ernst and Young (Botswana) was presented to the Board Audit Committee for recommendation.
Reporting	3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	Applied	The Board Audit Committee provides regular updates of its activities to the Board during all Board meetings held during the financial year. A summary Directors Report comprising of the financial performed (i.e. annual audited financial statements) is presented in the company's Integrated Annual Report and the Chairman of the Board Audit Committee is present at the Annual General Meeting to address stakeholder questions.
4. The Governance of Risk:				
The Board's Responsibility for Risk Governance	4.1	The board should be responsible for the governance of risk.	Applied	In accordance with the Engen Botswana Limited Board Charter, the Board is responsible for the Governance of Risk within the company. Engen Botswana Limited has a comprehensive Enterprise Risk Register which is continuously updated by the Managing Director and Heads of Departments and presented to the Board regularly. Matters pertaining to Enterprise Risk Management is periodically discussed with the Board during Board meetings.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
4. The Governance of Risk: [continued]				
The Board's Responsibility for Risk Governance	4.2	The board should determine the levels of risk tolerance.	Not Applied	Engen Botswana Limited has an Enterprise Risk Register which is continuously updated by the Managing Director and Heads of Departments and presented to the Board regularly. However, the Risk Register of the company is not indicative of specific Risk Ratings for each of the risks identified. Further, there are currently no Risk Tolerance levels established to determine the acceptable level of risk. The Group Risk Committee is currently in the process implementing risk tolerance / appetite for each of the affiliates including guidelines / roadmaps relating to what has been shared with the Engen Botswana Limited.
	4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	Applied	The Board Audit Committee ensures that all Audits have a risk based approach whereby Internal Audit identifies potential inherent and operational risks within the audit plan and further the External Statutory Audit effectively addresses the critical / significant risk areas in the business.
Management's Responsibility for Risk Management	4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Applied	In accordance with the Engen Botswana Limited Board Charter, the Board is responsible for the Governance of Risk within the company. Engen Botswana Limited has an Enterprise Risk Register which is continuously updated by the Managing Director and Heads of Departments and presented to the Board regularly. Matters pertaining to Enterprise Risk Management are periodically discussed with the Board during Board meetings. The Board Audit Committee approves the Internal Audit Plan and considers the level of risk management assurance necessary for inclusion in the plan.
Risk Assessment	4.5	The board should ensure that risk assessments are performed on a continual basis.	Applied	In accordance with the Engen Botswana Limited Board Charter, the Board is responsible for the Governance of Risk within the company. Engen Botswana Limited has an Enterprise Risk Register which is continuously updated by the Managing Director and Heads of Departments and presented to the Board regularly. Matters pertaining to Enterprise Risk Management are periodically discussed with the Board during Board meetings.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
3. Audit Committee: [continued]				
Risk Assessment	4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The Board implements Risk Management via the Board Audit Committee. The Board approved the Business Continuity Management Policy to ensure any unpredicted risks are managed. Entries Risk Management Frameworks and policies have been developed, with risk tolerance levels. In addition, regular visits are conducted with the Affiliate by Engen Group Risk from South Africa.
Risk Response	4.7	The board should ensure that management considers and implements appropriate risk responses.	Applied	The Engen Botswana Limited Enterprise Risk Register has detailed a section in which Action Plans are allocated to the responsible persons of the risk identified (i.e. Risk Owners).
Risk Monitoring	4.8	The board should ensure continual risk monitoring by management.	Applied	Matters relating to Enterprise Risk Management are standing agenda items on Board Audit Committee meetings. The Managing Director and Executive Management provide detailed reports on strategic and operational risks for the Company. The Enterprise Risk Register is a document continuously being updated as per the Chairman's advice and updates are given at every Committee and Board meetings held.
Risk Assurance	4.9	The board should receive assurance regarding the effectiveness of the risk management process.	Applied	The Board receives assessment of the effectiveness of the system of internal controls and risk management through Internal Audit Reports shared / presented by the Group's In-house Internal Audit Function based in Cape Town, South Africa.
Risk Disclosure	4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	Potential Risks that affect the Financial performance of the Company are disclosed in the Annual Financial Statements section of the Integrated Annual Report. Disclosure of Directors Opinion on the Company's going concern status is highlighted on the Managing Directors Report section of the Integrated Annual Report.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
5. The Governance of Information Technology:				
	5.1	The board should be responsible for information technology (IT) governance.	Applied	The Board has stated in its Charter the governance of Information Technology as one of its responsibilities. The establishment of appropriate IT policies, Framework and Strategy is done at Engen Group level but having the Board as the Decision point.
	5.2	IT should be aligned with the performance and sustainability objectives of the company.	Applied	The Group's IT function and strategy is aligned to the Group's organisational strategy. Engen Botswana Limited's IT requirements and processes are aligned to the Group's central IT business division located in Cape Town, South Africa. The Board Audit Committee holds regular meetings with the Chief of IT to discuss any impending IT related matters. All IT related decisions are aligned to Group IT and systems are integrated. The helpdesk assists the Affiliate where needed with IT related issues.
	5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	Applied	Governance of Information Technology is done at Group Level where a framework has been developed and implemented. The Technology Steering Committee and IT Department are responsible for the implementation of all the structures, processes and mechanisms of the IT strategy. The Chief Information Officer has access to and regular interaction on strategic matters with the Engen Botswanan Limited Board and executive management. The Chief Information Officer is currently at Group Level who as per the Limits of Authority makes recommendations pertaining to the IT strategy.
	5.4	The board should monitor and evaluate significant IT investments and expenditure.	Applied	IT investments and expenditure are governed in terms of the Limits of authority and major IT projects are monitored continually by management and reports of such investments and expenditure are shared with the Board during Board meetings held.
	5.5	IT should form an integral part of the company's risk management.	Applied	As per the Engen Botswana Limited Enterprise Risk Register, relevant information technology and information related risks are included as part of the operational risks of the company for which action plans have been developed to help mitigate such identified risks.
	5.6	The board should ensure that information assets are managed effectively.	Applied	Engen Botswana has implemented the Group's policies and procedures that ensure adequate data protection. These policies include the Information Security Policy, Corporate Privacy Policy, Data Backup Policy and Disaster Recovery Plan, etc.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
5. The Governance of Information Technology: [continued]				
Risk Assessment	5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	Applied	The Risk and Compliance and Audit committee at Board Level assists the Board in carrying out its IT responsibilities. The Risk and Compliance Committee ensures that IT risks are adequately addressed through its risk management and monitoring processes for all of its Affiliates. Additionally, any Internal IT related issues are discussed with the Board through the Board Audit Committee.
6. Compliance with Laws, Rules, Codes and Standards:				
	6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules codes and standards.	Applied	The Managing Director ensures that regular updates on applicable Laws and Regulations are shared with the Board and a Dashboard Report on the Compliance with the Laws and Regulations is presented during Board Meetings.
	6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	Applied	The Board is regularly kept informed of the regulatory compliance status of the Company through a dashboard developed by management. The Managing Director ensures that regular updates on applicable Laws and Regulations is shared with the Board and a Dashboard Report on the Compliance with the Laws and Regulations is presented during Board meetings.
	6.3	Compliance risk should form an integral part of the company's risk management process.	Applied	Statutory Compliance assessments for Engen Botswana Limited are done at Group Level as per the Management Agreement signed by both parties. All compliance related issues / items are reviewed at Group Level and implemented within Engen Botswana Limited. In addition, the compliance function monitors and reports on compliance at Board level. The Report gives a detailed description of the Legislative requirements, offenses that may arise from the requirement as well as the penalties the Company is likely to face should they not abide by the requirements.

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
6. Compliance with Laws, Rules, Codes and Standards: [continued]				
	6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	Statutory Compliance assessments for Engen Botswana Limited are done at Group Level as per the Management Agreement signed by both parties. All compliance related issues / items are reviewed at Group Level and implemented within Engen Botswana Limited. In addition, the compliance function monitors and reports on compliance at Board level. The Report gives a detailed description of the Legislative requirements, offenses that may arise from the requirement as well as the penalties the Company is likely to face should they not abide by the requirements.
7. Internal Audit:				
The Need for and the Role of Internal Audit	7.1	The board should ensure that there is an effective risk based internal audit.	Applied	Internal Audit is conducted by the Group Internal Audit team based in Cape Town, South Africa. The Engen subsidiary companies (Engen Botswana Limited included) are regularly audited at group level whereby process / control efficiency is reviewed and a report is shared with the subsidiary companies in accordance with an approved Internal Audit Plan.
Internal Audit's Approach and Plan	7.2	Internal audit should follow a risk based approach to its plan.	Applied	The Internal Audit plan and approach are informed by the strategy and risks of the Group. The Internal Audit Plan for the company is developed centrally by the parent / holding company's Group Internal Audit (Cape Town, South Africa).
	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management.	Applied	Internal Audit is conducted at Group Level by the Group Internal Audit team that is based in Cape Town, South Africa. The Engen subsidiary companies (Engen Botswana Limited included) are regularly audited at group level whereby process / control efficiency is reviewed and a report is shared with the subsidiary companies in accordance with an approved Internal Audit Plan.
	7.4	The audit committee should be responsible for overseeing internal audit.	Applied	The Board Audit Committee oversees the engagements with the Group Internal Audit. The Board Audit Committee makes use of co-sourced solutions to supplement in-house skills from time-to-time as and when required. Internal audit reports at Board Audit Committee meetings.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
7. Internal Audit: [continued]				
Internal Audit's Status in the Company	7.5	Internal audit should be strategically positioned to achieve its objectives.	Applied	The Board Audit Committee satisfies itself that the internal audit process is independent, objective and strategically positioned to achieve its objectives and execute the approved Internal Audit Plan. Internal Audit is conducted by the Group Internal Audit team based in Cape Town, South Africa. The Engen subsidiary companies (Engen Botswana Limited included) are regularly audited at group level whereby process / control efficiency is reviewed and a report is shared with the subsidiary companies in accordance with an approved Internal Audit Plan.
8. Governing Stakeholder Relationships:				
The Need for and the Role of Internal Audit Internal Audit's Approach and Plan	8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	Important stakeholder groups have been identified and include shareholders, employees, customers, suppliers and government bodies. The Board Members receive regular presentations and updates on matters pertaining to Corporate Social Investment and stakeholder engagements / partnerships.
	8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Applied	Engen Botswana has an Engagement Policy drafted to allow for the management of stakeholder relationships. The Engen Botswana Limited Board has delegated to the Managing Director to proactively deal with Stakeholder relationships by ensuring that the Policy properly implemented and operationalised. The company issues a notice on its Integrated Annual Report of annual general meetings in appropriate time, allowing for consideration by shareholders.
	8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	Applied	Through the Stakeholder Engagement Policy, Engen will be guided by the best practice principles (AA1000SES), of which the principle of responsiveness ensures that Stakeholder issues that could have a material impact on Engen and/or the relevant Stakeholder are escalated appropriately within Engen. The Policy goes on to categorize stakeholders into four groups; Authorisers, Partners, Influencers and Associations.

7. GOVERNANCE & REMUNERATION [CONTINUED]

KING III COMPLIANCE REVIEW [continued]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
8. Governing Stakeholder Relationships: [continued]				
The Need for and the Role of Internal Audit Internal Audit's Approach and Plan	8.4	Companies should ensure the equitable treatment of shareholders.	Applied	In line with the Botswana Stock Exchange Listing Requirements, the Board makes every effort to treat all shareholders equally and disclose the earnings per share and the profits attributable to ordinary shareholders. The Annual Reports prepared in prior periods also provide a summary on Economic Value Added to various stakeholders of the Company inclusive of the shareholders.
Dispute Resolution	8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Applied	Through the Stakeholder Engagement Policy, Engen will be guided by the best practice principles (AA1000SES), of which the principle of responsiveness ensures that Stakeholder issues that could have a material impact on Engen Botswana Limited and/or the relevant Stakeholders are escalated appropriately within the company.
9. Integrated Reporting and Disclosure:				
Transparency and Accountability	9.1	The board should ensure the integrity of the company's integrated report.	Not Applied	This is the first Integrated Report issued by the Company, and was developed during the year under review. Note: The company prepares an Annual Report that give a broad view of the Engen Botswana operational, financial and on-financial status is formally reviewed and approved by the board upon the review of the Audit Committee and the external auditors. The Annual Report is then shared with the Botswana Stock Exchange and published for the public to view. The Annual Reports are prepared to be in compliance with the requirements prescribed by the Botswana Stock Exchange and the Company's Act of Botswana.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
9. Integrated Reporting and Disclosure: [continued]				
	9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Not Applied	<p>This is the first Integrated Report issued by the Company, and was developed during the year under review.</p> <p>Note: Information relating to Health and Safety is commented upon on the Integrated Annual Report in the Managing Directors report section with updates on incidents occurred during the year that would have impacted Health and Safety of the company. Potential Risks that affect the financial performance of the company is disclosed in the Annual Financial Statements section of the Integrated Annual Report. Disclosure of Directors opinion on the company's going concern status is Highlighted on the Managing Directors Report section of the Integrated Annual Report</p>
	9.3	Sustainability reporting and disclosure should be independently assured.	Not Applied	<p>This is the first Integrated Report issued by the Company, and was developed during the year under review.</p> <p>Note: As a way of assuring sustainability a Health, Safety, Environment and Quality (HSEQ) Report is shared with the Board on an annual basis. The Report feeds on the Health and Environmental disclosures made in the Integrated Annual Report. However, reporting data is compiled by management with no independent assurance provided.</p>





ENGEN

INTEGRATED

ANNUAL REPORT | 2020

SUSTAINABILITY

Human Capital	96
Social & Relationship Capital	98
Natural Capital	108
Financial Capital	109

HUMAN CAPITAL

KEY HIGHLIGHTS:

Workforce Profile



53%
Male



47%
Female

Nationality

95%
Batswana

5%
Foreign
Nationals

Generation

43%
> = 35 Years

57%
< = 35 Years

OUR PEOPLE

The world of work is changing and our strategies to support our employees are constantly evolving. We have focused the team on becoming broader in the forefront of technology to support an increasingly agile and mobile workforce. To support our growth and sustainability – and to operate our business safely and efficiently – Engen employees need to be high performing, innovative and motivated.

2020 was a challenging year for all our people. The COVID-19 pandemic prompted us to reimagine what it means to work at Engen. As a result of the need to social distance, we reviewed workspace configurations and safety measures across our footprint in close collaboration with our key stakeholders. Many colleagues had to transition to working from home, often at short notice, while maintaining the safety of our operations. The pandemic also brought practical challenges of lockdowns, forcing the business to operate with a reduced skeletal staff at times. Quarantine measures at land border posts also affected supply and inbound logistics, with truck drivers having to undergo mandatory COVID-19 PCR testing upon entry into the country. Our

people in Botswana also had to navigate the complex and ever-changing essential services and interzonal permit system that prevailed for most of the period.

Personal safety is of paramount importance to our business. Our strategy has been forced to evolve to ensure that our people are safe, while being supported with the right skills, experience, training, and mentorship. Our focus continues to take a holistic approach, building and retaining critical skills and developing our leadership capabilities. This creates an environment which inspires and motivates all our employees to perform at their best.

Our adoption of the PETRONAS Cultural Beliefs drives a culture of ongoing feedback. This has increased employee engagement and continues to support a culture of accountability.

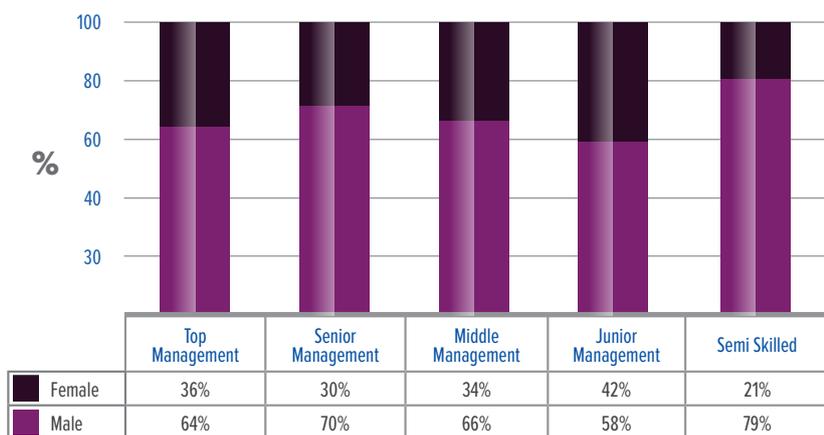
We have focused on our Employee Value Proposition and recognise the importance of attracting and retaining highly engaged and high-performing employees and leadership teams.

The PETRONAS Cultural Beliefs are aligned to our core values with the priority of ethical values set by our leaders across the organisation.

GENDER DIVERSITY

The gender diversity of the Engen Botswana Limited workforce is quantified as follows:

Gender Split vs. Occupational Level



SOCIAL & RELATIONSHIP CAPITAL

Engen recognises the value and impact of our business in the sustainability of the social environment in which we operate. For Engen to deliver value, remain fit for the future and generate positive societal impacts while enriching lives, our actions, policies and processes need to be continuously assessed and refined to adapt to changing times and address evolving challenges.

We are therefore committed to operating safely, responsibly and reliably, and aligning our practices with acceptable business norms and industry benchmarks.

Social Sustainability Aspects that are material to us and our stakeholders include:

- Safety and Health
- CSI
- Sponsorship
- Enterprise Development
- Seamless Customer Experience

SAFETY AND HEALTH

As a leading player in the Botswana petroleum products distribution and marketing segment, Engen is subject to complex health and safety laws and regulations at numerous jurisdictional levels regionally and nationally, including laws relating to human exposure and the use, handling, storage and disposal of hazardous materials. As such, we place the highest priority on the health and safety of our workforce and the protection of our assets, communities, environment and all stakeholders as reflected in the Engen Health, Safety and Environment Policy, which sets out the Company's guiding principles in managing risks and hazards relevant to the business operations.

We oversee the governance of HSE through application of our HSE Management System. Our Executive Committee upholds and drives safety excellence through their leadership values, competencies and behaviours. They are responsible for understanding and mitigating risks as well as maintaining and assuring safeguards for the business. The Executive Committee demonstrates their commitment by leading and integrating HSE aspects into business plans and targets. These plans and targets are then strategically aligned with our HSE Plan and cascaded to all working levels. Through continuous employee engagement, they set clear expectations, targets and

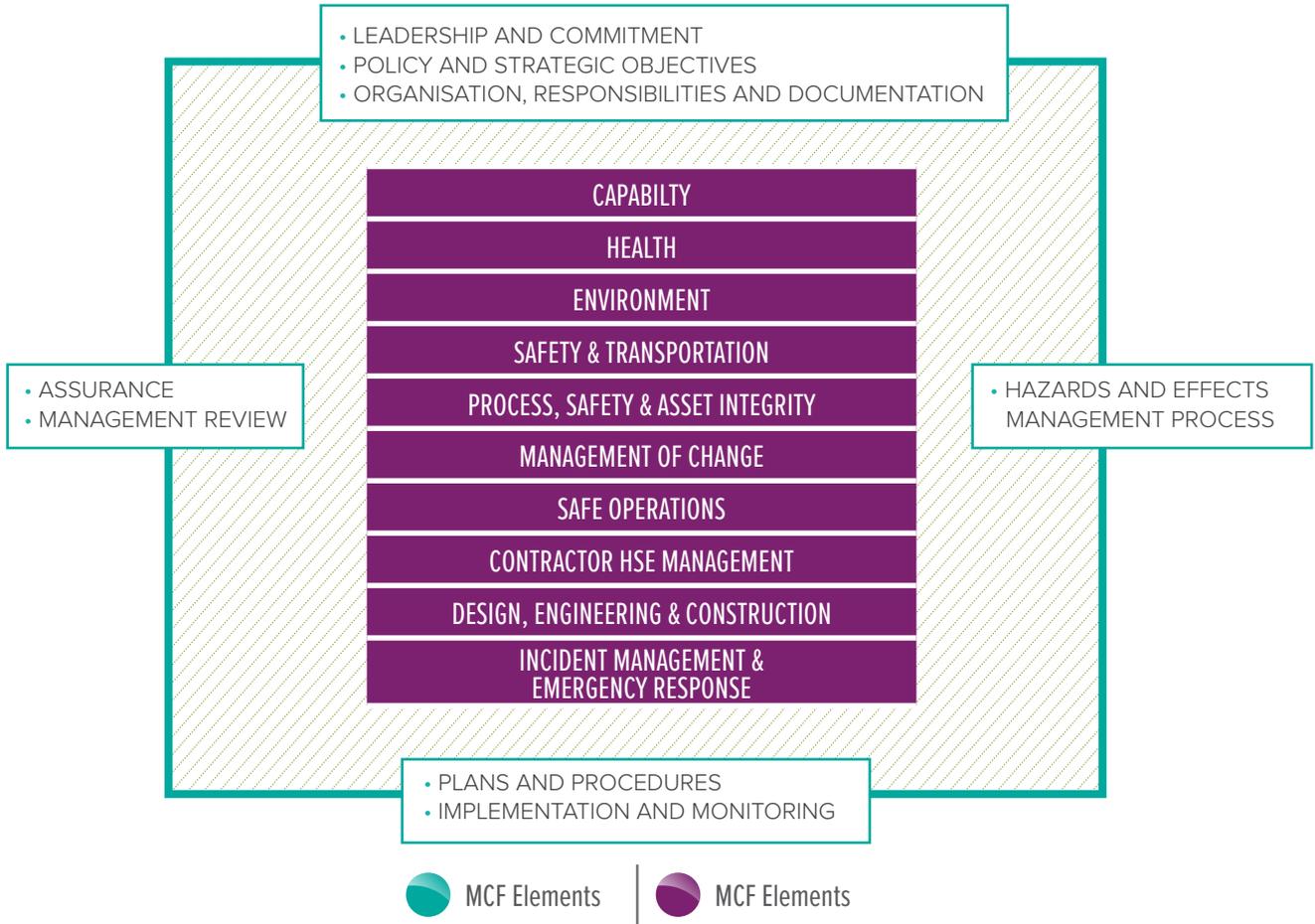
objectives for each employee. Our annual Engen HSE scorecard, comprising key performance indicators, is developed based on historical statistics with the aim of improving our safety performance year-on-year, and ultimately achieving zero incidents.

WE PLACE THE HIGHEST PRIORITY ON THE HEALTH AND SAFETY OF OUR WORKFORCE AND THE PROTECTION OF OUR ASSETS, COMMUNITIES, ENVIRONMENT AND ALL STAKEHOLDERS

HSE risks, incidents, performance and issues are deliberated by our Executive Committee on a monthly basis chaired by our MD/ CEO and subsequently reported to the Engen Botswana Limited Board. In addition, HSE management review is conducted as part of benchmarking against the previous year's HSE performance and PETRONAS Group's Operating Units performance as part of learning from others and improvement for the following years' strategic objectives.

In ensuring health and safety improvements, employees' involvement in work-site HSE Committee meetings involves deliberation of site-specific HSE issues, programmes and performance on a monthly basis. The periodic meetings include participation of both employees and management representatives.

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



OUR SAFETY PERFORMANCE

In 2020, we continued our journey towards the creation of a generative HSEQ Culture. Initiatives spanning our key focus areas of people and culture, work processes and management systems, in terms of managing safety risks, land transportation, and contractor management, continued.

We achieved commendable safety performance in 2020: zero fatality.

While there remains room for improvement, we continue to place the highest commitment to safeguard our workforce and assets by placing vigorous efforts on strengthening HSE compliance, managing HSE risks and improving HSE monitoring at sites.

SOCIAL & RELATIONSHIP CAPITAL [Continued]

All incidents were investigated, and all recommended corrective actions were monitored and tracked for closure. In preventing future incidents, increased efforts through checking were conducted on similar operations where reoccurrence of incidents may happen. Lessons learnt from incidents are also shared across the Company, with our contractors and business partners to prevent recurrence.

In Land Transport, Engen teams rolled out Road Transport Safety Operational Guidelines (RTSOG) in Botswana. The RTSOG has become the Engen standard that all transport related matters will meet going forward, including future contractual arrangements for contractors. A Behavioural Observation System (BOS) has been entrenched and that together with coaching from on-board cameras continues to provide us with system tools that assists with training of Bulk Truck Operators. We also continue to introduce

interventions on other risks identified in the process - including Fatigue and Ergonomics - to ensure the safe delivery of our products.

Moving forward, we will continue to make sure safety becomes a priority in all our activities, including enhancement of HSE risk management that leverages on digitalised tools, development of Generative HSE Culture capability at all working levels and regular syndications with employee on HSE best practices and lessons learnt.

	2016	2017	2018	2019	2020
LTIF (per 200 000 man hours)	0.14	0.28	0.32	0.08	0.33
TRR (per 200 000 man hours)	64%	70%	0.65%	58%	79%
WORK RELATED FATALITIES	0	0	0	0	0

HEALTH AND WELL- BEING

Our Organisational Health services reinforce our position as an employer of choice by providing a tangible expression of our care for our employees, thereby attracting the best talent available. The Occupational Health components mitigate our health and safety risks and support legal compliance.

COVID-19

In response to COVID-19 Engen instituted hygiene measures and temperature checks at all business locations, forecourts and convenience stores as well as the provision of safety materials, including sanitizers, gloves and masks to all dedicated Engen forecourt and Quickshop staff.

Employee Wellness Services

Our Wellness Services aim to optimise the general health of our employees. We achieve this through awareness and education, personal

health risk identification and control, and supportive/ rehabilitative care where necessary.

Controlling chronic disease contributes significantly to our sustainability as it has a positive effect in two ways: for all employees, it halts the progress to impairment and disability, and for employees involved in safety sensitive work, it reduces the likelihood of accidents. No wellness events were held in 2020 due to COVID-19.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) approach aims to support community upliftment and social development initiatives that encourage engagement and empowerment of vulnerable people, all with a common aim – to make a lasting, sustainable impact.

As a company that cares, and true to our statement of purpose in which we strive to be considered “A

Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future”, we remain committed to doing business in ways that are compatible with the economic, social and environmental needs of the communities in which we operate.

HEALTH, SAFETY & COMMUNITY WELLBEING

- In 2020, Engen donated P650,000 to the COVID-19 Relief Fund, which is managed by the

Ministry of Finance and Economic Development.

- Engen also donated 10,000 litres of diesel worth P94,800 to the Botswana Defence Force (BDF), who worked closely with the Botswana Police Services to assist in ensuring compliance with lockdown measures.



P650,000

donated to the
COVID-19 Relief
Fund

10 000

Litres of diesel
worth P94,800
to the Botswana
Defence
Force

COVID19 RELIEF FUND

8. SUSTAINABILITY [CONTINUED]

SOCIAL & RELATIONSHIP CAPITAL [Continued]

SPONSORSHIP

We partnered with Botswana Tourism Organisation (BTO) as 'Official Fuel Sponsor' to sponsor the Rediscover Botswana 8000 km road trip undertaken by photo journalists Sonny Serite and Thalefang Charles in an effort aimed at educating and increasing awareness about domestic travel and tourism.



SEAMLESS CUSTOMER EXPERIENCE

In order to live up to our brand promise “With us you are Number One” we anchor our strategy on the customer’s lens. Maintaining a relentless “customer-first” mindset ensures that we endeavour to deliver a Seamless Customer Experience in every interaction. This is why we have a series of initiatives across the business to provide the best experience to win the confidence of our customers and maintain their trust in our brand.

CUSTOMERS’ SAFETY AND HEALTH

In treating customers right, we apply strict policies and procedures as we believe that our customers deserve safe, high quality products and services.

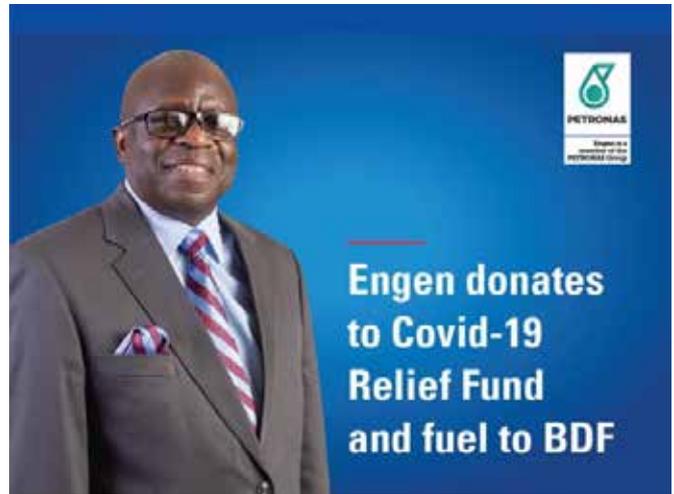
Customer Support and Engagement

We value all our customers and build our relationships as we continuously strive to ensure that the voice of the customer is analysed, by extending customers’ feedback to relevant units within the company, and finally reflected in the development of our products and services.

The constant interactions with our customers have resulted in Customised targeted campaigns that were derived from paying heed to customers’ feedback:

- Win 20K – Waya Waya
- Know your oil

We believe that every bit of feedback counts as we provide other channels including emails, and social media i.e. Facebook, and Twitter, thereby appealing to our customers of multiple demographics. We also continuously look at new methods to serve the various segments of our customer base as modes of communication evolve.



As a company that cares deeply about the communities in which it operates, Engen has pledged its support to the COVID-19 Relief Fund and the Botswana Defence Force (BDF) in an effort to play a small part in helping fight and overcome the pandemic.

Engen pledged their support to the COVID-19 Relief Fund, which is managed by the Ministry of Finance and Economic Development.

Chisweza Munga, Managing Director of Engen Marketing Botswana confirmed that the company has donated P150,000 to the fund as a show of support and called on individuals and the private sector to make donations to the Fund and help assist the Government's fight against the pandemic.

Engen also donated 10,000 litres of diesel worth P94,800 to the BDF, who are working closely with the Botswana Police Services to assist in ensuring daily compliance with lockdown rules.

"We are grateful to our Government and humbled by the work of the many organisations, NGO's, businesses and individuals who have all pulled together in an effort to combat this outbreak," said Munga.

Engen has also prioritised hygiene measure at all forecourts and convenience stores as well as the provision of safety materials, including sanitizers, gloves and masks to all of dedicated Engen forecourt and Quick Shop staff.

Engen is a leading marketer of fuels and lubricants in Botswana and currently operates 58 service stations and 38 Quickshop convenience stores across the country.

For more information, please contact Tsawanda Kiti Tsawanda.Kiti@engen.coil.com



8. SUSTAINABILITY [CONTINUED]

SOCIAL & RELATIONSHIP CAPITAL [Continued]

Know your oil better

UNDERSTAND YOUR OIL ALERT

No Oil - Please **Fill-Up**

Low Oil - Please **Top-Up**

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

Know your oil better

UNDERSTAND YOUR OIL VISCOSITY STATE

Old THINNED Oil

New THICK Oil

Old Oil **drips often**, New Oil is **thicker**

PLEASE CHANGE

OK

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

SAY NO TO GENDER BASED VIOLENCE

Let us stand together and say NO to violence and NO to silence.

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

ENGEN

Engen is a member of the PETRONAS Group

We are grateful for you working tirelessly and always serving with a smile.

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

Know your oil better



KNOW YOUR MINOR SERVICE KIT



5liter Oil / Sparkplugs
Oil filter / Air filter
Fuel filter

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

Know your oil better



UNDERSTAND CAUSES OF POWER LOSS



Dirty oil can clogg the filter causing limited oil circulation and resulting in power loss

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

MANUFACTURED CAPITAL

SUPPLY

Our Supply Chain is responsible for ensuring security of supply and delivering all customer fuel requirements safely, on time, with no impact to the environment. Furthermore, our Supply Chain manages and operates all Engen terminals and depots, and the distribution and bulk transport that services our network of retail service stations and commercial customers.

With Botswana's enormous geographical footprint and low population density we have to maintain optimal logistics network efficiency. To this end, we have put in place the building blocks to secure a watertight end-to-end supply chain that reduces costs, improves work efficiencies and maximizes returns.

We do however also rely on third party infrastructure. In 2020 this left us struggling to service customers timeously and cost effectively in the face of stock out, lockdown and transport complications largely linked to the COVID-19 pandemic.

We endeavour to continually improve on OTIF (On Time In Full) as a key measure for customer service and are hopeful that in 2021 our scores will normalize. We trust that the renewed focus by the Government on energy security and the completion of new fuel bulk storage facilities that were on hold will further improve the reliability of supply of fuel in Botswana.

We also continue to assess the technology we use to improve agility, reduce costs and respond to environmental changes in our supply chain.

In 2020, we continued the good work started in 2018 in entrenching the Land Transport Management System as per PETRONAS Downstream requirements. This initiative involved completing Site Hazard Mapping and Route Hazard Mapping, training of Transporters, and conducting behaviour observation and audits during loading and unloading of vehicles. We are pleased to report that there was a marked reduction in transporter related incidents in 2020 with no road injuries or fatalities. This programme will continue in 2021 with more focus on digital monitoring of vehicles, loading and offloading observations.

NATURAL CAPITAL

Through our HSEQ Policy, we have committed to continually enhancing ways to protect the environment wherever we operate. In cases where impacts do occur, we have emergency response systems in place to mitigate, minimise, and remediate impacts to our natural ecosystems.

In line with our HSE Management System, we strive to comply with all applicable legal requirements. In cases where appropriate, we also apply international and internal standards to minimise impacts and protect environmental resources. Our environmental performance is enhanced through consistent monitoring and analysis of risks and the required mitigations. We also have policies and procedures that are reviewed regularly to ensure that all risks are correctly documented and managed.

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



WATER MANAGEMENT

Freshwater management remains an item of critical importance for us and we are cognisant of the global concern on freshwater availability. We have therefore been working across our business to spread awareness on this and improve understanding of how we use and manage water while identifying ways in which we can use this resource more efficiently.

ENERGY MANAGEMENT / CLIMATE CHANGE

As an energy focused company, Engen recognises that we have a responsibility to balance the issue of climate change with the challenge to sustainably produce affordable and reliable energy. Energy Efficiency is thus of critical importance to us. We

will continue to meet our obligations in terms of climate change related legislative requirements.

Energy efficiency remains a priority throughout our business. We have ongoing initiatives at our sites involving the switch to LED lighting, and anticipate introducing motion sensor lighting and timers to further improve our energy utilisation. Our total energy consumed includes energy from mobile combustion via our tanker fleet, employee job-need vehicles and from electricity use.

In 2021, we will continue to assess and unpack the risks to our operations from the effects of climate change. We recognise that it is important for these risks to be understood and incorporated into our risk management system.

FINANCIAL CAPITAL

An economic contraction of 7.7% in real GDP terms, declines in key fuel-consuming economic sectors, and lower margins presented significant challenges for our financial performance in 2020.

Despite higher global oil prices towards the latter part of the year, the average crude price was considerably lower than in 2019.

Coupled with the muted economic environment, volume and margin declines were experienced in Botswana, resulting in a lower turnover and gross profit versus 2019.

ENGEN BOTSWANA LIMITED STAFF





THE COVID-19 PANDEMIC HAS IMPACTED ON ALL ASPECTS OF THE ECONOMY AND HAS AFFECTED THE DEMAND OF GOODS AND SERVICES GLOBALLY.

PRICES HAVE DROPPED SIGNIFICANTLY, AND THIS HAS IMPACTED ON INVENTORY VALUATION AND THE FINANCIAL POSITION OF THE COMPANY.





INTEGRATED

ANNUAL REPORT | 2020

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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GENERAL INFORMATION

Directors:	S Ndzinge	Motswana	(Chairman)
	C C Monga	Zambian	(Managing Director)
	A M Siwawa	Motswana	
	F J Kotze	South African	
	R N Matthews	British	(Removed 12 September 2020)
	L Makwinja	Motswana	
	S Williams	South African	
	H Morrison	South African	

Principal Activities: Petrochemical investments and property operations

Parent Company: Petroleum Investment Holding Limited (Incorporated in Mauritius)

Ultimate Parent Company: Petroliam Nasional Berhad (PETRONAS) (Incorporated in Malaysia)

Company Secretary: PricewaterhouseCoopers (Pty) Ltd
Fairgrounds Office Park
Plot 50371
P O Box 1453, Gaborone

Company Number: BW00000748780

Registered Office: Plot 54026
Western Bypass
P O Box 867
Gaborone

Auditor: Ernst & Young, Botswana

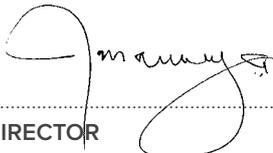
Bankers: First National Bank of Botswana Limited
Absa Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Stanbic Bank Botswana Limited

Country of Incorporation and Domicile: Botswana

Currency: Botswana Pula

APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual consolidated financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors and are signed on their behalf by:


DIRECTOR


DIRECTOR

23 March 2021

DIRECTORS' REPORT

Nature of business

The core business of the group is petrochemical investments and property operations.

There have been no material changes to the nature of the group's business from the prior year.

Review of activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

Financial Results

Revenue decreased by 20% mainly due to the Covid-19 lock downs and travel restrictions which were in force for the greater part of 2020. There were two price adjustments and an industry margin adjustment was effected in April 2020 for price controlled products. Non price controlled products had market related price adjustments.

Foreign exchange gains decreased from P8.8 million at the end of 2019 to P7.7 million at the end of 2020.

The group exercised good margin management and cost control throughout the year.

Overall the group's performance reflects a 24% decrease in net profit after tax.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Stated capital

There were no changes to the stated capital during the year under review.

Directors

Mr R Matthews passed away and was duly removed as a director on 12 September 2020. There were no other changes to directors during the year.

Dividends

Dividends amounting to P165 472 220 (2019: P81 062 181) were paid during the year.

Events after the reporting period

A final dividend of 12.7 thebe per share and a special dividend 40.7 thebe per share were declared on 23 March 2021. The directors are not aware of any other material event which occurred after the reporting date and up to the date of the approval of the annual financial statements.

Conclusion

The Directors would like to thank our valued customers, suppliers, shareholders, management and staff and all other stakeholders for their ongoing support towards the performance of Engen Botswana Limited.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	Notes	Group		Company	
		2020 P'000	2019 P'000	2020 P'000	2019 P'000
Revenue	2	2 344 081	2 920 788	178 997	87 743
Cost of goods sold		(2 110 949)	(2 624 855)	-	-
Gross profit		233 132	295 933	178 997	87 743
Other income	3.1	3 505	1 399	6 045	-
Foreign currency gains	3.4	7 736	8 769	-	-
Administrative expenses		(21 905)	(20 954)	-	-
Distribution and marketing expenses		(75 835)	(100 74)	-	-
Other operating expenses		(3 533)	(2 592)	(3 533)	(2 592)
Profit before finance costs and tax		143 100	181 807	181 489	85 151
Share of profit of joint ventures	8	4 097	4 164	-	-
Finance income		10 190	3 996	733	758
Finance costs	3.3	(10 175)	(9 781)	-	-
Profit before tax	3	147 212	180 186	182 242	85 909
Taxation	4	(49 203)	(51 021)	(14 261)	(7 477)
Profit for the year		98 009	129 165	167 981	78 432
Profit for the year attributable to equity holders of the parent		98 009	129 165	167 981	78 432
Other comprehensive income for the current year		-	-	-	-
Total comprehensive income for the year		98 009	129 165	167 981	78 432
Total comprehensive income for the year attributable to equity holders of the parent		98 009	129 165	167 981	78 432
Earnings per share (thebe)					
Basic earnings, profit for the year attributable to ordinary equity holders of the parent	5	61.4	80.9		
Diluted earnings, profit for the year attributable to ordinary equity holders of the parent	5	61.4	80.9		

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	Group		Company	
		2020 P'000	2019 P'000	2020 P'000	2019 P'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	7	310 129	318 485	1 016	1 056
Right of use of assets	21	81 984	63 623	-	-
Investments in joint ventures	8	41 948	43 850	4 524	4 524
Investments	9	37	37	10	10
Investments in subsidiaries	10	-	-	72 209	72 209
		434 098	425 995	77 759	77 799
Current Assets					
Inventories	11	10 682	18 743	-	-
Trade and other receivables	12	104 336	138 985	-	-
Tax receivable	4	-	-	416	406
Forward exchange contract asset		861	965	-	-
Cash and cash equivalents	13	390 886	480 331	32 432	29 060
		506 765	639 024	32 848	29 466
TOTAL ASSETS		940 863	1 065 019	110 607	107 265
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	8 138	8 138	8 138	8 138
Non distributable reserves		2 200	2 200	344	344
Retained earnings		571 078	638 541	99 559	97 050
Total equity		581 416	648 879	108 041	105 532
Non-Current Liabilities					
Deferred tax liabilities	4	4 622	4 131	19	20
Lease liabilities	21	77 628	63 691	-	-
Provisions	15	57 187	75 328	-	-
		139 437	143 150	19	20
Current Liabilities					
Trade and other payables	16	210 737	267 415	2 547	1 713
Tax payable	4	2 548	3 288	-	-
Lease liabilities	21	6 618	2 197	-	-
Forward exchange contract liability		107	90	-	-
		220 010	272 990	2 547	1 713
Total Liabilities		359 447	416 140	2 566	1 733
TOTAL EQUITY AND LIABILITIES		940 863	1 065 019	110 607	107 265

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

STATEMENT OF CASH FLOWS

	Notes	Group		Company	
		2020 P'000	2019 P'000	2020 P'000	2019 P'000
Cash flows from operating activities					
Profit before tax		147 212	180 186	182 242	85 909
Adjustments for:					
Interest received		(10 190)	(3 996)	(733)	(758)
Profit on disposal and scrapping of property, plant and equipment	3.1	(310)	(1 152)	-	-
Dividends income from subsidiary inclusive of withholding tax	2	-	-	(178 889)	(87 635)
Dividends received from joint venture	3.1	-	-	(6 000)	-
Finance costs	3.3	10 175	9 781	-	-
Fair value on forward exchange contracts		46	(842)	-	-
Share of profit of joint ventures	8	(4 097)	(4 164)	-	-
Depreciation on property, plant and equipment	7	22 856	28 790	40	41
Profit on derecognition of lease liability/asset	3.1	(2 615)	-	-	-
Depreciation on right of use of assets	21	5 499	1 171	-	-
Operating profit/(loss) before working capital changes		168 576	209 774	(3 340)	(2 443)
Decrease in trade and other receivables		34 649	291 032	-	10
Decrease/(Increase) in inventories		8 061	(4 659)	-	-
(Decrease)/Increase in trade and other payables		(56 678)	12 499	834	204
Cash generated from (used in) operations		154 608	508 646	(2 506)	(2 229)
Interest received		10 190	3 996	733	758
Finance costs	3.3	(4 886)	(4 263)	-	-
Income taxes paid	4	(49 452)	(43 113)	(855)	(1 015)
Net cash flows from/(used in) operating activities		110 460	465 266	(2 628)	(2 486)
Cash flows from investing activities					
Acquisition of property, plant and equipment to expand operations	7	(37 868)	(23 158)	-	-
Proceeds on the disposal of property, plant and equipment		322	1 766	-	-
Dividends received from subsidiary		-	-	165 472	81 062
Dividend received from joint venture		6 000	-	6 000	-
Net cash flows (used in)/from investing activities		(31 546)	(21 392)	171 472	81 062
Cash flows from financing activities					
Dividends paid	6	(165 472)	(81 062)	(165 472)	(81 062)
Payment of principal portion of lease liabilities		(2 887)	(1 755)	-	-
Net cash flows used in financing activities		(168 359)	(82 817)	(165 472)	(81 062)
Net (decrease)/increase in cash and cash equivalents		(89 445)	361 057	3 372	(2 486)
Cash and cash equivalents at the beginning of the year		480 331	119 274	29 060	31 546
Cash and cash equivalents at end of the year	13	390 886	480 331	32 432	29 060

STATEMENT OF CHANGES IN EQUITY

GROUP

	Notes	Attributable to equity holders of the parent			Total equity P'000
		Stated capital P'000	Non-Distributable Reserves (2) P'000	Retained earnings P'000	
31 December 2020					
Balance, beginning of year		8 138	2 200	638 541	648 879
Profit for the year		-	-	98 009	98 009
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	98 009	98 009
Dividends (1)	6	-	-	(165 472)	(165 472)
At 31 December 2020		8 138	2 200	571 078	581 416
31 December 2019					
Balance, beginning of year		8 138	2 200	603 644	613 982
Effect of adoption of IFRS 16 Leases		-	-	(13 206)	(13 206)
Restated opening balance after adoption of IFRS 16 Leases		8 138	2 200	590 438	600 776
Profit for the year		-	-	129 165	129 165
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	129 165	129 165
Dividends (1)	6	-	-	(81 062)	(81 062)
At 31 December 2019		8 138	2 200	638 541	648 879

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. All ordinary shares have similar rights.

(2) Non distributable reserves arose from the capitalisation of a shareholder loan account.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

STATEMENT OF CHANGES IN EQUITY [continued]**COMPANY**

	Notes	Attributable to equity holders of the parent			Total equity P'000
		Stated capital P'000	Non-Distributable Reserves (2) P'000	Retained earnings P'000	
31 December 2020					
Balance, beginning of year		8 138	344	97 050	105 532
Profit for the year		-	-	167 981	167 981
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	167 981	167 981
Dividends (1)	6	-	-	(165 472)	(165 472)
At 31 December 2020		8 138	344	99 559	108 041
31 December 2019					
Balance, beginning of year		8 138	344	99 680	108 162
Profit for the year		-	-	78 432	78 432
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	78 432	78 432
Dividends (1)	6	-	-	(81 062)	(81 062)
At 31 December 2019		8 138	344	97 050	105 532

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. All ordinary shares have similar rights.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are presented in Botswana Pula. The functional currency is also the Botswana Pula. The amounts in the financial statements have been rounded to the nearest thousand. The financial statements have been prepared on a historical cost basis except as modified by the revaluation of certain financial instruments to fair value as indicated in the notes below.

The consolidated and separate financial statements are prepared on the going concern basis.

The accounting policies adopted are consistent with those applied in the prior period.

Statement of compliance

The financial statements have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Companies Act of Botswana (CAP 42:01).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Foreign currency translation

Functional currency

Transactions in foreign currency are initially recorded in the functional currency at a rate of exchange ruling on transaction date. Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in previous financial statements are taken to the statement of profit or loss and other comprehensive income in the year they arise.

NOTES TO THE FINANCIAL STATEMENTS [continued]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the separate financial statements of the Company.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income. Joint ventures are carried at cost in the separate financial statements of the company.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation. It is stated at historical cost excluding the costs of day to day servicing that are expensed, less accumulated depreciation and any impairment in value. Cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

Costs also include the estimated costs of dismantling and removing the assets where the obligation has been incurred when the asset was acquired or as a consequence of using the asset. Subsequent costs are included in the asset's carrying amount or recognised as a component, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation commences when the assets are available for their intended use. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or is included in a disposal group that is classified as held for sale or the date that the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS [continued]

The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

Useful lives of the property, plant and equipment, the depreciation method, depreciation rates, and residual values are reviewed on an annual basis.

Estimated useful lives of the assets are as follows:

Leasehold buildings > shorter of period of lease or 50 years

Plant, equipment, and other > 4 – 30 years

Land is not depreciated as it is deemed to have an indefinite life. No depreciation is provided on capital work-in-progress.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

Improvements to assets held under leases where the company is the lessee are capitalized and depreciated over the remaining lease term.

Capital work in progress is carried at cost less accumulated impairment. Cost comprises of amounts incurred in constructing property, plant and equipment that are directly attributable

to the construction of the asset. Assets remain in capital work in progress until they are available for use. At that time they are transferred to the appropriate class of property, plant and equipment.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual

assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

The carrying amounts of assets are reviewed at each reporting date to assess if there are any indications of impairment. If any such indication exists and where assets are recorded in excess of their recoverable amounts, assets or cash generating units are written down to their recoverable amounts. A cash generating unit is considered only when the recoverable amount for the individual asset cannot be determined.

NOTES TO THE FINANCIAL STATEMENTS [continued]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Decommissioning and rehabilitation of assets

The provision for dismantling and restoration costs is initially recognised at the expected cost of any committed decommissioning or restoration programme and is discounted to its net present value using a real pre tax discount rate provided at the beginning of each project.

Subsequent changes in the initial estimates of rehabilitation and decommissioning costs that results from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation or a change in the discount rate are added to or deducted from the cost of the related asset in the current period.

The estimated timing of the outflow of resources is the earlier of the useful lives of the equipment that contain petroleum products and the lease term of leased properties. Where the change results in a reduction in the liability, the cost deducted from the asset shall not exceed the carrying amount of the related asset. If a decrease in the liability exceeds the carrying amount of the related asset, the excess is recognised immediately in the statement of profit or loss and other comprehensive income. Where the change results in an increase in the cost of the asset, the amount is capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate. If there is any indication that the carrying amount of the related asset is not fully recoverable, an impairment test is conducted in accordance with the impairment policy. These estimates are reviewed annually.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is taken to profit or loss as incurred.

Where a retail site or a depot is disposed of, the unutilised portion of the Disaster, Remediation and Restoration (DRR) costs will be released to the statement of profit or loss and other comprehensive income.

Health, safety and environment costs
Costs associated with the remediation of the environment where the company operates retail and commercial sites and depots are recognized in the statement of profit or loss and other comprehensive income. The best estimate of the cost is made taking into account probabilities of the occurrence of spillages.

Inventories

Inventories consist of petroleum products and are initially recognised at cost and subsequently measured at the lower of cost and net realisable value. Cost is determined on the first-in-first-out (FIFO) method. The cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period that the write-down or loss occurs and is included under distribution and marketing expenses.

The carrying value of inventories derecognised is included in the cost of sales in the statement of profit or loss and other comprehensive income.

Cost of goods sold

Cost of goods sold is normally the carrying value of inventories sold and any net realizable value adjustments. Upon re-measurement product loaned/borrowed is revalued and the corresponding entry is included in the cost of sales in the statement of profit or loss and other comprehensive income.

Dividend distribution

Dividend distributions to the Group's shareholders are recognized as a liability in the period in which the dividends are declared by the Group's shareholders. Dividends distributed are recognized in equity. Tax is withheld on dividends distributed at the statutory rate of 7.5%.

Employee benefits

During the year, employees contributed to the Engen Botswana Retirement Fund. The fund is a defined contribution fund. The fund is governed by the Retirement Funds Act of 2014. Membership of this fund is compulsory for all employees. In terms of the rules of the Fund, the company is committed to contribute 9.5% of the employees' pensionable emoluments. The defined contribution funds are not required to be actuarially valued. The Group's contributions to the defined contribution plan are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Employee entitlements to annual leave, bonuses, and pension and severance benefits are recognised as incurred. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up

NOTES TO THE FINANCIAL STATEMENTS [continued]

to the reporting date. Provision for bonuses is recognised when a present obligation exists to make such payments and a reliable estimate of the amount can be made.

Long term benefits

Long-term employee benefits are those benefits that are expected to be settled more than 12 months after the end of the reporting period, in which the services have been rendered and are discounted to their present value. An accrual is recognised for accumulated leave and other employee benefits when the Group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from the marketing and distribution of petroleum products, as well as convenience store income. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods. Revenue is recognised at a point in time when control of the goods has transferred to the customer. The point at which control passes depends on the terms and conditions of the contract and related transport terms and is effective either once physical delivery or receipt of the products at the agreed location has occurred, or when products are loaded onto the specific mode of transport. Transfer of control usually coincides with title passing to the customer. The normal credit term is 30 days upon delivery.

The Group acts as principal in its revenue arrangements as it typically controls the goods and services before transferring to the customer.

Determining the transaction price

The majority of the Group's revenue is derived from contracts which define a fixed price per unit sold.

In certain contracts the consideration includes a variable element in the form of retrospective volume rebates and discounts. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain contracts for the sale of petroleum and related products provide customer elements of variable consideration in the form of volume rebates and discounts.

Customers are entitled to volume rebates and discounts, provided that they meet specific criteria. Historical experience enables the Group to estimate reliably the value of discount to be granted or rebates to be paid and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned. In its estimation, the Group considers the expected value of discounts or rebates that would be applicable to the transaction.

Rebates are not offset against the customer but recognised as a separate refund liability.

Allocating amounts to performance obligations

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

For most contracts, there is a quoted per unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts.

Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices, as all product lines are capable of being, and are, sold separately.

Practical expedients applied

The Group's contracts with customers are short term in nature (less than 12 months). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less.

Furthermore, the Group has elected to apply the optional practical expedient for costs incurred to obtain a contract and expenses any incremental costs related to a contract when they are incurred as the amortisation period would be less than one year

NOTES TO THE FINANCIAL STATEMENTS [continued]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Revenue from contracts with customers [continued]

Contract balances (other than contract assets)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period. Refer to the accounting policy on variable consideration.

Other revenue streams of the Group include the following:

- Rental income;
- Interest income; and
- Dividend income;

Recognition and measurement of rental income, interest income and dividend income are scoped and described in other accounting policies (leases and financial instruments, respectively).

Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Withholding taxes are paid to the government and they are a portion of the total dividend that is declared. Where the Group receives a dividend on which withholding tax is levied, that withholding tax is recognised as a current tax expense.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint

arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Also taking into account the manner of recovery of the underlying asset or liability.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS [continued]

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. The Group has recognised provisions for dismantling and restoration costs and health, safety and environment costs.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Finance income and finance costs

Interest income on deposits is included in finance income.

Finance costs consist of interest expense on term loans and bank overdraft and the unwinding of the discount of the dismantling and removal provision.

Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments); and
- Financial assets at FVTPL

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and debt instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without a material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS [continued]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Revenue from contracts with customers [continued]

Financial assets at amortised cost (debt instruments)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised for those credit exposures for which there has been a significant increase in credit risk since initial recognition, over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The entity is not required to keep track of significant changes to credit risk given that only lifetime ECLs are measured.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS [continued]

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ADOPTED IN THE CURRENT PERIOD

The following new standards and amendments became effective as at 1 January 2020:

- Amendments to IFRS 3 – Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform 1 January 2020
- Amendments to IAS 1 and IAS 8 Definition of Material 1 January 2020
- The Conceptual Framework of Financial Reporting

All the amendments and annual improvements above did not have an impact on the entity.

The following new standards, new interpretations and amendments to standards have been issued but are not yet effective:

- Amendment to IFRS 16 - Covid-19 Related Rent Concessions (Effective 1 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Effective 1 January 2021)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022)

- Amendments to IAS 16 – Property, Plant & Equipment : Proceeds before Intended Use (Effective 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts : Costs of Fulfilling a Contract (Effective 1 January 2022)
- AIP IFRS 1 First-time Adoption of International Financial reporting Standards – Subsidiary as a first-time adopter (Effective 1 January 2022)
- AIP IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Effective 1 January 2022)
- AIP IAS 41 Agriculture – Taxation in fair value measurements (Effective 1 January 2022)
- IFRS 17 Insurance Contracts (Effective 1 January 2023)
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (Effective 1 January 2023)
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting) 1 January 2020

The above new standards and amendments to existing standards issued but not yet effective are not expected to have an impact on the entity.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually

evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the groups accounting policies, management has made the following estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year.

Significant accounting judgments and estimates

Allowances for slow moving inventory

Based on prior management practice, inventory that has not moved for a 12-month period is considered to be obsolete. Obsolete and discontinued products are considered to have no value. The provision is raised based on the full cost or net realisable values of the product. Refer to note 12.

Allowances for credit losses

The expected loss rates derived are based on the payment profiles of sales over a 36-month period before 31 December 2020 (being 1 January 2018 to 31 December 2020) and the corresponding historical credit losses that occurred over the same period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product, consumer price index and the unemployment rate of Botswana to be the most relevant indicators affecting a customers' ability to pay, and accordingly adjusts the historical loss rates based on expected changes in these factors. A specific provision is made for credit losses where customer accounts are handed over to lawyers for recovery and where it is probable that the receivable may not be recovered. Refer to Note 20.

NOTES TO THE FINANCIAL STATEMENTS [continued]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Significant accounting judgments and estimates [continued]

Asset retirement and removal obligations

Estimating the future costs of these obligations is complex and requires management to make estimates and judgments regarding future cash flows and discount rates because most of the obligations will only be fulfilled in the future. Changing technologies, political, environmental, safety, business and statutory considerations, could also influence the resulting provisions.

Management judgement is exercised when determining the present value of expected future cash flows when the obligation to dismantle or restore the sites arises as well as the estimated useful life of the related asset. The useful lives of the assets are considered to be equal to the remaining lease term under the assumption that the lease will not be renewed, and this impacts on the obligation. The provision for the costs of decommissioning these sites at the end of their economic lives has been estimated using existing technology, at current prices and discounted using a real discount rate of 5.10% (December 2019 – 7.14%). The decline in the discount rate was due to a change in the bond rate that was used in the calculations.

The Group's asset retirement obligations are coupled with the estimated remaining useful lives of the asset to which they relate. The carrying value of the dismantling and removal costs provision as at 31 December 2020 is P57 187 403 (December 2019: P72 254 479) (Note 16). There is uncertainty regarding both the amount and timing of incurring these costs.

Allowance for health safety and environment

This allowance is based on probabilities of spillages of petroleum products occurring at each retail, commercial or fuel depot. The costs are based on the point in time costs.

Slate receivable

Management makes a significant degree of judgment in assessing the recoverability of the slate receivable balance by assessing available evidence based on negotiations with the Government. If indications exist that the balance will not be recoverable, an impairment allowance is raised to reflect the balance which will be recovered from Government.

Estimating the incremental borrowing rate used in lease liabilities

The Group applied judgement in determining the interest rate implicit in its lease liabilities. The Group uses its incremental borrowing rate, which reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for similar financed transactions (where and when available), and is required to make certain entity specific estimates, such as the adjustments to the rates for the subsidiaries' stand-alone credit rating and country specific risks.

NOTES TO THE FINANCIAL STATEMENTS [continued]

Notes	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
2. REVENUE				
Revenue from contracts with customers				
Petroleum turnover	2 317 028	2 891 060	-	-
Convenience income	14 340	15 560	-	-
Revenue from contracts with customers	2 331 368	2 906 620	-	-
Rental income	12 713	14 168	108	108
Dividend income from subsidiary	-	-	178 889	87 635
	2 344 081	2 920 788	178 997	87 743

Disaggregation of revenue

The company has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic date.

	Petroleum and related products P'000	Convenience income P'000	Total P'000
2020			
Primary geographic markets			
Botswana	2 317 028	14 340	2 331 368
Product type			
Petroleum products	2 177 895	-	2 177 895
Petrochemical products	30 548	-	30 548
Lubricants	108 585	-	108 585
Convenience	-	14 340	14 340
	2 317 028	14 340	2 331 368
Timing of transfer of goods			
Point in time	2 317 028	14 340	2 331 368

NOTES TO THE FINANCIAL STATEMENTS [continued]

2. REVENUE [continued]

	Petroleum and related products P'000	Convenience income P'000	Total P'000
2019			
Primary geographic markets			
Botswana	2 891 060	15 560	2 906 620
Product type			
Petroleum products	2 807 574	-	2 807 574
Petrochemical products	27 208	-	27 208
Lubricants	56 378	-	56 378
Convenience	-	15 560	15 560
	2 891 060	15 560	2 906 620
Timing of transfer of goods			
Point in time	2 891 060	15 060	2 906 620

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
3. PROFIT BEFORE TAX				
3.1 Other income				
Application fees for service station dealership	63	-	-	-
Profit on disposal and scrapping of property, plant and equipment	310	1 152	-	-
Claim for loss of profits	472	247	-	-
Dividends received from joint venture	-	-	6 000	-
Profit on derecognition of lease liability/asset	2 615	-	-	-
Profit from the sale of scrapped motor vehicle	45	-	45	-
	3 505	1 399	6 045	-
3.2 Expenses				
Auditors Remuneration				
- current year	950	941	317	174
Depreciation of Property, Plant & Equipment (Note 7)	22 856	28 790	40	41
Depreciation of Right of Use Asset (Note 21)	5 499	1 171	-	-
Management and computer fees (Note 17)	11 756	12 135	-	-
Provision for bad & doubtful debts (Note 12)	(1 558)	669	-	-
Salaries and employment benefits	16 164	16 557	-	-
Contributions to defined contribution funds	1 137	1 053	-	-

Other operating expenses which are shown on the Statement of Profit or Loss and Other Comprehensive Income relate to expenses incurred by the Company which is not a trading entity. The expenses mainly include listing fees for the Botswana Stock Exchange, directors' fees, company secretarial fees and annual report costs.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
3.3 Finance costs				
Unwinding of dismantling, removal and restoration provision (Note 15)	5 289	5 518	-	-
Finance costs arising from financial liabilities	-	61	-	-
Interest expense on lease liability	4 886	4 202	-	-
	10 175	9 781	-	-
3.4 Foreign exchange gains				
Foreign exchange gains (Including gains on fair value movements due to financial assets and liabilities that are at fair value through profit and loss (P10 293 202) (2019: P9 175 691))	7 736	8 76	-	-
4. TAXATION				
Botswana normal taxation				
Current				
Company tax at statutory rate	35 295	45 230	845	905
Withholding tax on dividends from subsidiary	13 417	6 573	13 417	6 573
Deferred				
Attributable to temporary differences arising in the current year	491	(782)	(1)	(1)
	49 203	51 021	14 261	7 477
Reconciliation of tax rate	%	%	%	%
Standard tax rate	22.0	22.0	22.0	22.0
Adjusted for:				
Exempt income	(0.2)	(0.5)	(14.6)	(14.8)
Non-allowable expenses	2.5	1.7	0.4	1.5
Withholding tax on dividends from subsidiary	9.1	5.1	-	-
Effective tax rate	33.4	28.3	7.8	8.7

Non allowable expenses mainly consist of unwinding costs of the dismantling and restoration provision, apportionment of expenses related to local dividend and donations.

NOTES TO THE FINANCIAL STATEMENTS [continued]

4 TAXATION [continued]

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Deferred tax liability				
Origination of temporary differences from: Property, plant and equipment	(8 046)	(8 353)	(19)	(20)
Trade accounts receivable	596	1 059	-	-
Trade accounts payable	(598)	(602)	-	-
Right of use asset and liability	3 426	3 765	-	-
Deferred tax liability	(4 622)	(4 131)	(19)	(20)
Tax payable/(receivable)				
Opening balance	3 288	(5 402)	(406)	(296)
Tax paid	(49 452)	(43 113)	(855)	(1 015)
Charge for the year	48 712	51 803	845	905
Closing balance	2 548	3 288	(416)	(406)

5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the group's total comprehensive income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic earnings per share computations for the years 31 December 2020 and 31 December 2019.

Profit for the year	98 009	129 165
Profit for the year attributable to ordinary shareholders	98 009	129 165
Weighted average number of ordinary shares in issue	159 722 220	159 722 220
Earnings Per Share (thebe)	61.4	80.9

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements. There is no dilution effect.

6. DIVIDENDS PAID AND PROPOSED

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
Dividends declared during the year	165 472	81 062	165 472	81 062
Amount paid	165 472	81 062	165 472	81 062

The total gross amounts of dividends paid in 2020 was P165 472 220 (2019: P81 062 181). Withholding taxes of 7.5% of gross dividends were deducted and paid to Botswana Unified Revenue Service and these amounted to P13 416 666. (2019: P6 572 609) in total. Withholding taxes are paid by Engen Marketing Botswana (Pty) Ltd, the subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 Thebe Per share	Dec 2019 Thebe Per share	Dec 2020 Thebe Per share	Dec 2019 Thebe Per share
Declared and paid in the year				
- final dividend related to the prior year	25.4	39.9	25.4	39.9
- interim dividend for the current year	18.0	15.0	18.0	15.0
- first special dividend for the current year	37.2	-	37.2	-
- second special dividend for the current year	31.4	-	31.4	-
Proposed (not recognised as a liability)				
- final dividend for the current year	12.7	25.4	12.7	25.4
- special dividend	40.7	93.9	40.7	93.9

7. PROPERTY, PLANT & EQUIPMENT

Group

	Freehold Land P'000	Leasehold Buildings P'000	Plant, equipment and other P'000	Capital work in progress P'000	Total P'000
31 December 2020					
Balance at beginning of year					
At cost	6 078	220 920	269 016	22 738	518 752
Accumulated depreciation	-	(92 918)	(107 349)	-	(200 267)
Net carrying amount	6 078	128 002	161 667	22 738	318 485
Additions	-	396	4 443	33 029	37 868
Disposals - At cost	-	-	(1 124)	-	(1 124)
- Accumulated depreciation	-	-	1 112	-	1 112
Dismantling and restoration costs (Note 16)	-	-	(23 356)	-	(23 356)
Transfers	-	208	1 711	(1 919)	-
Depreciation (Note 3.2)	-	(8 350)	(14 506)	-	(22 856)
Balance at end of year, net of accumulated depreciation	6 078	120 256	129 947	53 848	310 129
Balance at end of year					
At cost	6 078	221 524	250 690	53 848	532 140
Accumulated depreciation	-	(101 268)	(120 743)	-	(222 011)
Net carrying amount	6 078	120 256	129 947	53 848	310 129

NOTES TO THE FINANCIAL STATEMENTS [continued]

7. PROPERTY, PLANT & EQUIPMENT [continued]

Group

	Freehold Land P'000	Leasehold Buildings P'000	Plant, equipment and other P'000	Capital work in progress P'000	Total P'000
31 December 2019					
Balance at beginning of year					
At cost	6 078	208 249	266 339	20 988	501 654
Accumulated depreciation	-	(77 789)	(100 860)	-	(178 649)
Net carrying amount	6 078	130 460	165 479	20 988	323 005
Additions					
Disposals - At cost	-	(723)	(7 062)	-	(7 785)
- Accumulated depreciation	-	344	6 828	-	7 172
Dismantling and restoration costs (Note 16)	-	-	1 725	-	1 725
Transfers	-	10 501	1 483	(11 984)	-
Depreciation (Note 3.2)	-	(15 473)	(13 317)	-	(28 790)
Balance at end of year, net of accumulated depreciation	6 078	128 002	161 667	22 738	318 485
Balance at end of year					
At cost	6 078	220 920	269 016	22 738	518 752
Accumulated depreciation	-	(92 918)	(107 349)	-	(200 267)
Net carrying amount	6 078	128 002	161 667	22 738	318 485

Company

	Freehold Land P'000	Leasehold Buildings P'000	Plant, equipment and other P'000	Total P'000
31 December 2020				
Balance at beginning of year				
At cost		568	529	1 097
Accumulated depreciation		-	(41)	(41)
Net carrying amount		568	498	1 056
Depreciation (Note 3.2)		-	(40)	(40)
Balance at end of year, net of accumulated depreciation		568	458	1 016
Balance at end of year				
At cost		568	731	1 651
Accumulated depreciation		-	(283)	(635)
Net carrying amount		568	448	1 016

NOTES TO THE FINANCIAL STATEMENTS [continued]

Company

	Freehold Land P'000	Leasehold Buildings P'000	Plant, equipment and other P'000	Total P'000
31 December 2019				
Balance at beginning of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(202)	(352)	(554)
Net carrying amount	568	529	-	1 097
Depreciation (Note 3.2)	-	(41)	-	(41)
Balance at end of year, net of accumulated depreciation	568	498	-	1 066
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(243)	(352)	(595)
Net carrying amount	568	974	-	1 056

- (1) Capital work in progress includes all assets that are under construction and not yet in use as at the reporting date. These items of property, plant and equipment will be reallocated to the respective asset class on completion of the construction.
- (2) No items of property, plant and equipment have been pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000

8. INTERESTS IN JOINT VENTURES

The Group has a 40% and 25% interest in the joint arrangements, Engen Palapye Partnership and Engen Maun Partnership, respectively, which are involved in property letting.

The Group's interest in both joint arrangements is accounted for using the equity method in the consolidated financial statements. The financial year end of both joint ventures is 31 December and is the same as the group. Summarised financial information of the joint arrangements, based on their IFRS financial statements, and the reconciliations with the carrying amounts of the investments in the consolidated financial statements are set out below:

Engen Palapye Partnership

Current assets; Including cash and cash equivalents of P6 063 369 (2019: P15 269 014)	7 587	15 813	-	-
Non current assets	75 518	74 855	-	-
Current liabilities	(638)	(1 149)	-	-
Equity	82 467	89 519	-	-
Group's carrying amount of the investment	31 209	34 103	-	-

Engen Maun Partnership

Current assets; Including cash and cash equivalents of P11 077 756 (2019: P8 574 623)	11 402	8 900	-	-
Non current assets	31 104	30 109	-	-
Current liabilities	(649)	(775)	-	-
Equity	41 857	38 234	-	-
Group's carrying amount of the investment	10 739	9 747	-	-

Total carrying amount of the investments	41 948	43 850	-	-
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Engen Palapye Partnership

Rental income	7 449	7 406	-	-
Rentals	6 707	6 752	-	-
Other	742	654	-	-
Fair value gains on property	1 600	2 100	-	-
Interest income	454	420	-	-
Direct operating expenses	(1 742)	(1 842)	-	-
Profit for the year	7 761	8 084	-	-
Share of profit of joint venture – Palapye	3 105	3 234	-	-

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
Engen Maun Partnership				
Rental income	3 849	3 920	-	-
Rentals	3 515	3 593	-	-
Other	334	327	-	-
Fair value gains on property	900	800	-	-
Interest income	343	198	-	-
Direct operating expenses	(1 124)	(1 195)	-	-
Profit for the year	3 968	3 723	-	-
Share of profit of joint venture - Maun	992	930	-	-
Total share of profits of the joint ventures - Palapye and Maun	4 097	4 164	-	-

Non current assets comprise of the total investment properties owned by the joint arrangements.

The Engen Maun investment property is held by way of a 50 year lease with the Tawana Land Board commencing 12 November 2003 with an option to renew for a further 50 years. The joint arrangement was entered into on 16 July 1993.

The Engen Palapye investment property comprises of a shopping complex erected on Lot 68 in Palapye, measuring 16500 square metres held in terms of Tribal Lease Number L/E/4/788, commencing on 6 June 1982, for fifty years and registered under title deed number 9/83 dated 7 September 1983. The joint arrangement was entered into on 7 November 1991.

Investment properties are stated at fair value, which has been determined, based on valuations performed by an independent professionally qualified valuer, as at 31 December 2020 and 31 December 2019 for the current and previous year respectively. The valuer has recent experience in the location and category of the investment property being valued. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on recent prices of similar properties in the same category and location.

The joint arrangements had no contingent liabilities or capital commitments as at 31 December 2020 and 2019. The joint arrangements cannot distribute their profits until they obtain consent from the four venture partners.

A dividend of P6 000 000 (2019: nil) was paid by Engen Palapye Partnership to all joint venture partners.

The values of the investment in joint arrangements in the company are shown below:

Unlisted				
- Engen Palapye Partnership (At cost)	-	-	2 762	2 762
- Engen Maun Partnership (At cost)	-	-	1 762	1 762
	-	-	4 524	4 524

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
9. INVESTMENTS				
- School debentures (At fair value through profit and loss)	37	37	10	10
	37	37	10	10
The investments in debentures have no maturity date and no interest applies to them.				
10. INVESTMENT IN SUBSIDIARIES				
Unlisted Holding				
Shares at cost:				
- Engen Marketing Botswana (Pty) Ltd 100%	-	-	72 209	72 209
A listing of the Group's principal subsidiaries is set out in Note 22.				
11. INVENTORIES				
Petroleum products purchased for resale - at cost	11 147	19 046	-	-
Provision for obsolete stock	(465)	(303)	-	-
	10 682	18 743	-	-
There was no write down and reversal of inventory that was recognised as an expense during the year.				
12. TRADE AND OTHER RECEIVABLES				
Financial assets				
Trade receivables, net of allowance for impairment	85 001	104 203	-	-
Other receivables	3 387	682	-	-
	88 388	104 885	-	-
Non-financial assets				
Slate receivable	-	29 419	-	-
Other receivables	15 948	4 681	-	-
	104 336	138 985	-	-

Trade and other receivables are non-interest bearing and are generally on 30-60 days' terms with the exception of the slate receivable from Government which has no set terms. The directors consider the carrying value to approximate the fair value. Other receivables comprise of staff loans and value added tax receivable. The other receivables included in financial assets consist mainly of accruals that do not form part of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
Trade and other receivables at 31 December				
Neither past due nor impaired	71 991	100 679	-	-
Past due but not impaired				
Less than 30 days	12 569	2 066	-	-
Between 30 days and 60 days	3 828	14	-	-
Between 60 days and 90 days	-	64	-	-
More than 90 days	-	2 062	-	-
Total	88 388	104 885	-	-

Past due but not impaired is based on time since recognition and after 30 days, the balances have no factors that would evidence impairment, management still considers these balances as fully recoverable. The directors consider the carrying amount to approximate the fair value.

As at 31 December 2020, trade receivables at nominal value of P9 278 977 (December 2019: P10 878 619) were impaired and fully provided for. Movements in the allowance for expected credit losses of receivables were as follows:

	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
At beginning of year	10 879	3 879	-	-
Charge for the year	-	8 861	-	-
Utilised during the year	(42)	(95)	-	-
Reversal of unused provision	(1 558)	(1 766)	-	-
At end of year	9 279	10 879	-	-

The allowance represents impairment losses on individually assessed financial assets and expected credit losses.

Refer to Note 20 for additional information in respect of allowances for expected credit losses.

13. CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:

Cash on hand and at bank	287 33	251 048	1 746	2 047
Short term deposits	103 553	229 283	30 686	27 013
Cash resources	390 886	480 331	32 432	29 060

The short term deposits had variable effective interest rates of between 1.0% and 4.2% (December 2019 – 1.1% and 3.65%) for the year. At year end the short-term deposits were maturing within 90 days (December 2019: 60 days). No interest is earned on cash amounts maintained in the Group's current accounts. The Group has unutilised banking facilities with First National Bank of Botswana Limited of Nil (December 2019: P2 500 000).

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
14. STATED CAPITAL				
159 722 220 authorised and issued ordinary shares at no par value, fully paid	8 138	8 138	8 138	8 138
	8 138	8 138	8 138	8 138
For capital management disclosures refer to Note 20.				
15. PROVISIONS				
Dismantling and restoration costs				
Balance at beginning of year	75 254	69 189	-	-
	(23 356)	1 725	-	-
Additional provision (Note 7)	1 178	2 211	-	-
Change in estimate (Note 7)	(24 534)	(486)	-	-
Finance costs (Note 3.3)	5 289	5 518	-	-
Utilised during the year	-	(1 178)	-	-
	57 187	75 254	-	-
Long term leave liability				
Balance at the beginning of the year	74	-	-	-
Charge for the year	-	74	-	-
Transfer to short term leave liability	(74)	-	-	-
Balance at the end of the year	-	74	-	-
	57 187	75 328	-	-
16. TRADE AND OTHER PAYABLES				
Financial liabilities				
Trade payables	22 909	48 380	-	-
Related party payables (Note 17)	119 927	157 741	-	-
Other payables	5 844	4 983	2 547	1 713
	148 680	211 104	2 547	1 713
Non-financial liabilities				
Duties & Levies	41 284	44 994	-	-
Leave pay	1 222	765	-	-
Slate payable	10 690	-	-	-
Other payables	8 861	10 552	-	-
	210 737	267 415	2 547	1 713

Trade payables are non interest bearing and are normally settled on 30-60 day terms.

Other payables, duties and levies are non-interest bearing and have an average term of 30-60 day terms. Other payables included in financial liabilities consist of accruals. Other payables in non-financial liabilities consist of accruals, value added tax payable, provision for bonus and the health and safety provision.

For terms and conditions relating to related parties, refer to Note 17.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000

17. RELATED PARTY DISCLOSURES

Related party transactions where control exists include Petroleum Investment Holdings Limited, which owns 70% of the Company's shares. The remaining 30% of the shares are widely held. The ultimate parent of the Group is Petroliam Nasional Berhad (PETRONAS) of Malaysia.

During the year, the Group entered into transactions with fellow subsidiaries. Those transactions along with related balances at 31 December 2020 and 31 December 2019 are presented in the following table:

(i) Purchase of goods/services:

Purchase of refined oil products - Engen Petroleum Limited	1 309 628	2 007 108	-	-
Purchase of refined oil products - Engen Namibia (Pty) Ltd	27 362	12 956	-	-
Service fees for the provision of technical, accounting and computer support - Engen Petroleum Limited (Note 3.2)	11 756	12 135	-	-
Dividends received from Engen Marketing Botswana (Proprietary) Limited	-	-	178 889	87 635
Rent paid to Joint Ventures	685	210	-	-

Engen Petroleum Limited, a company incorporated in the Republic of South Africa, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control. Engen Namibia (Pty) Ltd, a company incorporated in the Republic of Namibia, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control. The above transactions were carried out on commercial terms and conditions.

(ii) Outstanding balances arising from purchases of goods/services

Purchase of refined oil products and services fees for technical, accounting and computer support - Engen Petroleum Limited (Note 16)	119 570	157 447	-	-
Engen Namibia (Pty) Ltd (Note 16)	357	294	-	-

(iii) Compensation of key management personnel

Short-term employee benefits	4 906	6 500	1 663	1 362
Post-employment benefits	267	272	-	-
Total compensation of key management personnel	5 173	6 772	1 663	1 362

The non-executive directors do not receive pension entitlement from the Group. A listing of the members of the Board of Directors is shown on page 114 of the financial statements.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For year ended 31 December 2020, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (December 2019: Nil). This assessment is undertaken every financial year through examining the financial position of the related parties and the market in which the related parties operate. Related party balances are normally settled on 30-60 days terms.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
18. COMMITMENTS AND CONTINGENCIES				
18.1 Capital expenditure commitments				
The Group has the following purchase commitments for property, plant and equipment incidental to the ordinary course of business.				
Approved and committed	-	-	-	-
Approved but not committed	64 245	80 385	-	-
	64 245	80 385	-	-
18.2 Contingent liabilities				
The Group, through its bankers, has provided the following guarantees at 31 December:				
Bond to the Department of Customs & Excise for the movement of petroleum products from the Republic of South Africa and Namibia to Botswana and whilst in transit.	248	248	-	-
Guarantee to Botswana Railways in respect of security for compliance with performance obligations in accordance with the fuel supply contract	300	300	-	-
	548	548	-	-

The Group's bankers issued guarantees in favour of the Department of Customs and Excise and Botswana Railways in terms of which the bankers (as guarantors) will reimburse the Department of Customs and Excise and Botswana Railways in the unlikely event that Engen default on their payments. This is limited to P248 000 and P300 000 respectively. In accordance with the agreed terms, any amounts paid by the bankers will be recovered from Engen. No liability is expected to arise.

18.3 Lease rentals receivable – group as a lessor

Contingent lease rentals receivable are based on volumes sold and a value has not been attributed to these agreements. Total contingent rentals recognised as income in the year amounted to P12 440 333 (2019: P13 889 406). Other lease rentals which are under cancellable lease arrangements relate to commercial property leases from third parties.

18.4 Legal claims

In the ordinary course of business, the Group is a defendant in a litigation arising from trade claims. Although there can be no assurances, the Group believes, based on information currently available, that the ultimate resolution of the legal proceedings would not likely have a material adverse effect on the results of its operations, financial position or liquidity of the Group. The Group has not raised any liability in respect of these claims which amount to nil (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS [continued]

19. SEGMENT REPORTING

Operating segment information

The property letting segment is made up of the two joint ventures (Refer to Note 8). The Directors consider that on the basis of risks and returns and the Group's organisational and reporting structure for management purposes there are primarily two operating segments, petrochemical activities and property letting business. Within the petrochemical activities there are two main business units, Commercial and Retail, the two segments have similar economic characteristics and the distribution channel is similar and as such have been aggregated as one segment; petrochemical activities segment. Petrochemical activities primarily involve the selling and distribution of fuel. All revenue is earned in Botswana and all assets are situated in Botswana. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Amounts disclosed are based on the numbers included in the consolidated financial statements.

Year ended 31 December 2020	Petrochemical Activities P'000	Property Letting P'000	Consolidated P'000
Segment Revenue			
External sales	2 331 368	-	2 331 368
Total Segment Revenue (Note 2)	2 331 368	-	2 331 368
Results			
Depreciation (Note 3.2)	31 681	-	31 681
Foreign exchange gains (Note 3.5)	7 736	-	7 736
Finance costs (Note 3.3)	(10 175)	-	(10 175)
Taxation (Note 4)	(49 203)	-	(40 203)
Share of profit of joint ventures	-	4 097	4 097
Profit for the year after tax	93 912	4 097	98 009
Total assets	898 915	41 948	940 863
Total liabilities	359 447	-	359 447
Capital Expenditure (Note 7)	37 868	-	37 868
Year ended 31 December 2019			
Segment Revenue			
External sales	2 906 620	-	2 906 620
Total Segment Revenue (Note 2)	2 906 620	-	2 906 620
Results			
Depreciation (Note 3.2)	31 536	-	31 536
Foreign exchange gains (Note 3.5)	8 769	-	8 769
Finance costs (Note 3.3)	(9 781)	-	(9 781)
Taxation (Note 4)	(51 021)	-	(51 021)
Share of profit of joint ventures	-	4 164	4 164
Profit for the year after tax	125 001	4 164	129 165
Total assets	1 021 169	43 850	1 065 019
Total liabilities	416 140	-	416 140
Capital Expenditure (Note 7)	23 158	-	23 158

NOTES TO THE FINANCIAL STATEMENTS [continued]

19. SEGMENT REPORTING [continued]

	2020 P'000	2019 P'000
Geographic information		
Revenues from external customers		
Botswana (Note 2)	2 331 368	2 906 620
Total revenue from external customers per the consolidated statement of profit or loss and other comprehensive income (Note 2)	2 331 368	2 906 620

The revenue information above is based on the location of the customers.

20. FINANCIAL INSTRUMENTS

Group

	Note	Financial assets measured at amortised cost P'000	Financial liabilities measured at amortised cost P'000	Assets/(liab- ilities) held at fair value through P&L P'000	Total carrying amount P'000
31 December 2020					
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	88 388	-	-	88 388
Cash at bank and in hand	13	390 886	-	-	390 886
Forward exchange contract asset		-	-	861	861
Financial liabilities					
Trade and other payables	16	-	(148 680)	-	(148 680)
Forward exchange contract liability		-	-	(107)	(107)
		479 274	(148 680)	791	331 385
31 December 2019					
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	104 885	-	-	104 885
Cash at bank and in hand	13	480 331	-	-	480 331
Forward exchange contract asset		-	-	965	965
Financial liabilities					
Trade and other payables	16	-	(211 104)	-	(211 104)
Forward exchange contract liability		-	-	(90)	(90)
		585 216	(211 104)	912	375 024

NOTES TO THE FINANCIAL STATEMENTS [continued]

Company

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below.

31 December 2020	Note	Financial assets measured at amortised cost P'000	Financial liabilities measured at amortised cost P'000	Assets/(liabilities) held at fair value through P&L P'000	Total carrying amount P'000
Financial assets					
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	32 432	-	-	32 432
Trade and other payables	16	-	(2 547)	-	(2 547)
		32 432	(2 547)	10	29 895
31 December 2019					
Financial assets					
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	29 060	-	-	29 060
Financial liabilities					
Trade and other payables	16	-	(1 713)	-	(1 713)
		29 060	(1 713)	10	27 357

NOTES TO THE FINANCIAL STATEMENTS [continued]

20. FINANCIAL INSTRUMENTS [continued]

Total interest income and total interest expense calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss are as follows:

	Group			Company		
	Interest income	Interest expense	Total net gains	Interest income and losses	Interest expense	Total net gains and losses
December 2020						
Cash & cash equivalents/ payables	10 190	-	10 190	733	-	733
December 2019						
Cash & cash equivalents/ payables	3 996	61	3 935	758	-	758

Total exchange gains and losses for financial assets or financial liabilities that are at fair value through profit or loss are as follows:

	Group		Company	
	Fair value gains/(losses)	Total net fair value gains/(losses)	Fair value gains/(losses)	Total net fair value gains/(losses)
December 2020				
Forward exchange contracts	10 293	10 293	-	-
December 2019				
Forward exchange contracts	9 175	9 175	-	-

Financial risk management objectives and policies

The main risks arising from the group's and company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 13). Interest rates applicable to these financial instruments compare favourably with those currently available in the market and are only applicable to Botswana interest rates. The group's policy is to minimise the interest rate risk exposure as such the group has no external debt and invests in the best interest yielding call and fixed deposits accounts.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the group's and company's profit before tax (through the impact on floating rate financial instruments) and equity at reporting date. The reasonable possible change is based on past trends of interest rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no direct impact on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact.

NOTES TO THE FINANCIAL STATEMENTS [continued]

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Effect on profit before tax				
Increase of 1% in interest rates	3 909	4 803	324	291
Decrease of 1% in interest rates	(3 909)	(4 803)	(324)	(291)

Foreign currency risk

The group purchases its petroleum products in other countries and, as a result, is exposed to movements in foreign currency exchange rates. Foreign currency risk is managed at a senior level and monitored by the group management. Foreign currency risk is only with regard to transactions with a fellow subsidiary in South Africa payable in Rands.

The group and company use foreign currency forward exchange to manage foreign exchange exposure.

The following table demonstrates the sensitivity to a reasonably possible change in the South African Rand exchange rate, with all other variables held constant, of the group's and company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The reasonable possible change is based on past trends of foreign exchange rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no effect on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact.

	2020 P'000	2019 P'000
Effect on profit before tax		
Increase of 10% in the ZAR rate	(14 635)	(18 019)
Decrease of 10% in the ZAR rate	14 635	18 019

NOTES TO THE FINANCIAL STATEMENTS [continued]

20. FINANCIAL INSTRUMENTS [continued]

Financial Risk Management

The group mitigates the risk of foreign exchange rate movements through the use of forward exchange contracts. The notional amount of coverage from forward contracts as at 31 December 2020 was P119 122 344 (31 December 2019: P128 285 022).

Currency profile

The Pula equivalent values of amounts translated from foreign currencies at year end are as follows:

	2020 Pula	2019 Rand	2020 Pula	2019 Rand
Related party payables (Note 16)	19 926 754	162 260 898	157 741 865	209 796 681
Exchange rate	1.000	1.353	1.000	1.330

Credit risk management

Transactions are only conducted with approved counterparties that satisfy the assessment in terms of specific guidelines, rules, and parameters in terms of an approved counterparty selection list and limits. The purpose of credit risk policies and processes is to set the foundation for the establishment of effective credit risk management across the Group.

The Group's credit risk is primarily attributable to trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for expected credit losses. For allowances for doubtful receivables disclosure, refer to note 11. An allowance for impairment is made based on the expected credit loss which is an amount expected of default based on the historical amount and adjusted by forward looking information.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the customer segments. There is no categorisation of customer segments as the loss patterns are similar.

The Group has collateral against some of its trade and other receivables in the form of cessions over trade and other receivables, bonds over movable and immovable property and letters of guarantee. The fair value of collateral held amounted to P68 916 000 (2019: P66 226 000). There was no collateral that was sold or repledged. There were no obligations to return the collateral. The entity had the right to use the collateral to extinguish the respective trade receivables that it was covering with no restrictions.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risks arises from default of the counter party. The credit quality of these counterparties is good as all of these counterparties are reputable banking institutions.

Maximum credit risk exposure per class in total is the carrying values of loans and receivables and financial assets at fair value disclosed in Note 12.

For trade and other receivables, all new counterparties are subject to a credit risk assessment. This is a process whereby a counterparty's credit worthiness is evaluated using qualitative and quantitative weighted criteria. Use is made of outside vetting agencies to vet new potential customers. The information obtained from these agencies is used in the Group's own credit risk rating system.

As a result of these evaluations the customers are assigned a risk rating. The credit risk rating framework is used as the primary credit evaluation tool. Exposure limits, credit terms and security requirements are all set according to these risk ratings.

All customers are grouped according to their risk category.

NOTES TO THE FINANCIAL STATEMENTS [continued]

The risk rating determines how often the counterparties risk rating will be reviewed. If the counterparties risk rating is rated as average risk, low risk, or minimal risk the review takes place every 6 months. High risk counter parties are reviewed every month. Each business stream and division will monitor their credit exposure and credit risk for reporting to management on a monthly basis.

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired.

	%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2020		99.55%	-	-	0.45%	100%

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired.

	%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2019		98%	-	-	2%	100%

Debtors in government and industry and commerce category are the main trade categories that fall into low risk, with industry and commerce being the main trade category in minimal risk. Industry and commerce and retail are the main trade categories in average risk; and sales and distribution companies, fleet, retail and export debtors are the main categories in significant risk.

Listed below is the age analysis of trade and other receivables. The age analysis is based on credit terms.

2020 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate		0.20%	0.85%	4.0%		
Trade receivables at gross carrying amount	97 667	71 991	12 569	3 828	-	9 279
Expected credit losses	(9 279)	(143)	(107)	(153)	-	(8 876)
	88 388	71 848	12 462	3 675	-	403

NOTES TO THE FINANCIAL STATEMENTS [continued]

20. FINANCIAL INSTRUMENTS [continued]

Liquidity risk

Liquidity risk is the risk that the group and company have insufficient funds available to fulfil their existing and future cash flow obligations. Several elements are regarded as fundamental in the management of liquidity. These include the maintenance of minimum levels of marketable and liquid assets; effective cash flow management; implementation of long term funding strategies; diversification of funding; and adequate contingency plans.

The group and company have access to banking facilities in excess of their current and anticipated future requirements. The group's and company's borrowing powers are not limited by its Articles of Association.

The following table summarises the maturity profile of the group's financial liabilities at 31 December 2020 based on contractual undiscounted payments:

Group

	Less than 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	> 5 years P'000	Total P'000
31 December 2020						
Trade and other payables	-	148 680	-	-	-	148 680
Forward exchange contract liability	-	107	-	-	-	107
	-	148 787	-	-	-	148 787
31 December 2019						
Trade and other payables	-	211 104	-	-	-	211 104
Forward exchange contract liability	-	90	-	-	-	90
	-	211 194	-	-	-	211 194
Company						
31 December 2020						
Trade and other payables	-	2 547	-	-	-	2 547
31 December 2019						
Trade and other payables	-	1 713	-	-	-	1 713

NOTES TO THE FINANCIAL STATEMENTS [continued]

FAIR VALUE MEASUREMENTS

The following table provides fair value measurement hierarchy of the group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2020:

		Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
	Date of valuation	P'000	P'000	P'000	P'000
Foreign exchange forward contracts	31 December 2020	861	-	861	-
School debentures	31 December 2020	37	-	-	37
Liabilities measured at fair value:					
Foreign exchange forward contracts	31 December 2020	107	-	107	-

There have been no transfers between level 1 and 2 during the year.

Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2019:

		Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
	Date of valuation	P'000	P'000	P'000	P'000
Foreign exchange forward contracts	31 December 2019	965	-	965	-
School debentures	31 December 2019	37	-	-	37
Liabilities measured at fair value:					
Foreign exchange forward contracts	31 December 2019	90	-	90	-

NOTES TO THE FINANCIAL STATEMENTS [continued]

20. FINANCIAL INSTRUMENTS [continued]

Fair values

The directors consider the carrying amount of all financial instruments to approximate their fair value since the financial assets and liabilities have a short term to maturity and the interest rate on other receivables approximate the market rate. The fair value of foreign forward exchange contracts (FEC) is determined by using quoted prices in a market that is not active for the identical item held by another party as an asset. The fair value is measured using a valuation model. The input to this model being exchange rates are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Capital management

The group and company define capital as the total equity of the group and company as noted in the statement of changes in equity. The group's and company's long-term objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term shareholder value. Management is of the view that these objectives are being met. The group and company are not subject to any externally-imposed capital requirements.

The group and company aim to maintain capital discipline in relation to investing activities while growing the dividend per share. The Group and company do not have any long term debt. Cash retained in the group and company is used to self-fund investing activities.

21. LEASES (GROUP AS LESEE)

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

Net carrying amounts of right of use assets

The carrying amounts of right of use assets are as follows:

Cost	Lease Properties P'000	Total P'000
1 January 2020	67 424	67 424
Additions	27 186	27 186
Derecognition of terminated lease	(3 426)	(3 42)
31 December 2020	91 184	91 184
Accumulated depreciation		
1 January 2020	3 801	3 801
Current year	5 499	5 499
Derecognition of terminated lease	(100)	(100)
31 December 2020	9 200	12 626
Net carry amount	81 984	81 984
1 January 2019 (initial recognition)	50 720	50 720
Transfers from prepaid leases	16 704	16 704
31 December 2019	67 424	67 424
Accumulated depreciation		
1 January 2019 (initial recognition)	2 630	2 630
Current year	1 171	1 171
31 December 2019	3 801	3 801
Net carry amount	63 623	63 623

NOTES TO THE FINANCIAL STATEMENTS [continued]

	2020 P'000	2019 P'000
Other disclosures		
Interest expense on lease liabilities	4 886	4 202
Total cash outflow from leases within the scope of IFRS 16	(7 773)	(5 966)
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	6 618	2 197
Two to five years	6 711	6 780
More than five years and less than ten years	12 585	13 825
More than ten years	58 332	43 086
	84 246	65 888
Non-current liabilities	77 628	63 691
Current liabilities	6 618	2 197
	84 246	65 888
Lease liabilities		
Balance at the beginning of the year/initial recognition	65 888	67 652
Additions	27 186	-
Interest	4 886	4 202
Derecognition of terminated lease	(5 941)	-
Lease payments within the scope of IFRS 16	(7 773)	(5 966)
Balance at end of the year	84 246	65 888

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in Botswana. It is customary for the lease contracts to provide for payments to increase each year by inflation or a constant percentage.

22. SUBSIDIARY COMPANY

The subsidiary company of Engen Botswana Limited which is incorporated in Botswana, is as follows:

	%	Business
	Holding	Description
Engen Marketing Botswana (Pty) Ltd	100	Marketing of petroleum products

The major portion of the group's activities are conducted by Engen Marketing Botswana (Pty) Ltd.

23. EVENTS AFTER THE REPORTING PERIOD

A final dividend of 12.7 thebe per share and a special dividend 40.7 thebe per share were declared on 23 March 2021. There are no other events that occurred after the reporting date that require adjustment or disclosure in the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS [continued]

24. IMPACT OF COVID-19

The Covid-19 outbreak was first reported near the end of 2019. At that time, a cluster of cases displaying the symptoms of a 'pneumonia of unknown cause' were identified in Wuhan, the capital of China's Hubei province. On 31 December 2019, China alerted the World Health Organisation (WHO) of this new virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a 'Public Health Emergency of International Concern'. On 11 March 2020, the WHO declared the Covid-19 outbreak to be a pandemic.

Covid-19 has significantly impacted the world economy. Many countries have imposed travel bans on millions of people and additionally people in many locations are subject to quarantine measures. Businesses are dealing with lost revenue and disrupted supply chains. While some countries have started to ease the lockdown, the relaxation has been gradual and, as a result of the disruption to businesses, millions of workers have lost their jobs. The Covid-19 pandemic has also resulted in significant volatility in the financial and commodities markets worldwide. Numerous governments have announced measures to provide both financial and non-financial assistance to the affected entities.

The company was affected by declining revenues due to reduced economic activity in the country. The lock downs, border closures and other Covid-19 restrictions that took place during the year also affected the company's performance. Some customers delayed in their payments as they were facing cash flow difficulties. The pandemic reduced the profitability of the company, however, the cash position remained stable. The company is still able to continue its business operations into the foreseeable future without any significant constraints.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENGEN BOTSWANA LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Engen Botswana Limited and its subsidiaries (the Group) and company set out on pages 116 to 156, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, and the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Engen Botswana Limited as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act (CAP 42:01).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* and other independence requirements applicable to performing audits of the Group and Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of the Group and Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT [continued]

The Key Audit Matters apply only to the audit of the consolidated financial statements.

Key Audit Matter – Consolidated Financial Statements	How the matter was addressed in the audit
<p>Provision for dismantling and restoration cost of sites</p> <p>The Group has a provision for the dismantling and restoration cost of sites stated at P57.2 million at 31 December 2020 (2019: P75.3 million) representing 16% of the Group's total liabilities (2019: 18%).</p> <p>We considered the provision to be significant to the audit of Engen Botswana Limited Group due to the following reasons:</p> <p>The calculation of this provision requires management's judgement in estimating future decommissioning costs and events, both internal and external to the Group. A small change to the variables making up the costs, as well as a change to an event; for example a change in useful life, can result in a material impact to the valuation of the future obligation.</p> <p>The judgement required to estimate the dismantling and rehabilitation costs is primarily compounded by the fact that the restoration and rehabilitation of each site is unique, and there has been limited restoration and rehabilitation activity. Thus there is limited historical precedent against which to benchmark estimates of future costs.</p> <p>The influence of ongoing activity and the annual changes to costs, as well as the significant judgements and estimates relating to the rehabilitation obligation, are revised each year.</p> <p>The assumptions that we consider having a significant impact on the provision recognised are:</p> <ul style="list-style-type: none"> • Risk discount rate (which is influenced by the movement in the prime rate) • Estimates of future costs and, • Useful lives of sites <p>In addition, in the current year the Government of Botswana reduced the prime lending rate as a result of the impact of the Coronavirus pandemic. This had a significant impact on the risk discount rate by reducing it from 7.14% in 2019 to 5.1% in the current year.</p> <p>Accordingly, the above audit matter is considered a Key Audit Matter.</p> <p>The provision for dismantling and restoration cost of sites is disclosed in Note 15 to the financial statements together with the key judgements and estimates described in Note 1.</p>	<p>Our audit procedures comprised the following in addressing the key audit matter:</p> <p>We recalculated the provision based on the inputs used by management.</p> <p>We assessed the provision and the appropriateness of the discount rate assumption used to arrive at the liability by performing the following:</p> <ol style="list-style-type: none"> I. A sensitivity analysis of changes in the discount rate. II. We involved our internal valuation specialists to assist in evaluating the methodology applied in the discount rate calculations. We tested the reasonableness of the discount rate used by comparing the results of management's discount rate and EY specialist discount rates. III. We assessed whether the Group discount rate was adjusted for country specific risks. IV. We assessed the reasonability of management's discount rate by comparing it to the prime rate adjusted for country and entity specific risks. <p>We assessed the reasonableness of the estimated future costs determined by the management's experts. This included assessing the key assumptions used in determining these costs.</p> <p>We evaluated the competence, capabilities and objectivity of the management expert who was used to estimate future costs.</p> <p>We agreed the lease terms used in the calculation to the terms in the lease contracts.</p> <p>We tested the accuracy of the inputs used by management in the calculation by evaluating the completeness of the number of sites used in the calculation against underlying information.</p> <p>We performed a recalculation of the unwinding of the discount rate arising from the present value calculations applied to the future cash flows.</p> <p>We assessed the completeness and accuracy of the disclosures relating to the provision in terms of the requirements of IAS 16 - Property, Plant and Equipment and IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.</p>

INDEPENDENT AUDITOR'S REPORT [continued]

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 50 page document titled Engen Botswana Limited Annual financial statements, which includes the Directors' Report included on page 115 as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this report and the annual report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP42:01), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

INDEPENDENT AUDITOR'S REPORT [continued]

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements [continued]

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young

Practicing Member: Bakani Ndwapi

Partner

Certified Auditor

Membership number: 19980026

Gaborone

Date: 31st March 2021

OTHER INFORMATION



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

VALUE ADDED STATEMENT

The value added statement is a summary of the wealth the Group has created and its distribution.

	31 Dec 2020 P'000	31 Dec 2019 P'000	31 Dec 2018 P'000	31 Dec 2017 P'000	31 Dec 2016 P'000
Revenue	2,344,081	2,924,784	2,534,340	2,217,465	2,054,060
Net cost of products	(1,722,557)	(2,199,925)	(1,870,704)	(1,571,629)	(1,498,723)
Duties and levies	(388,392)	(424,930)	(398,420)	(346,669)	(285,774)
Total value added	233,132	299,929	265,216	299,167	269,563
To pay employees' gross salaries, wages and benefits	16,164	16,557	15,785	15,519	14,251
To pay income taxes	49,203	51,021	41,689	55,995	54,845
To pay providers of capital	165,462	75,277	42,418	122,459	145,654
- net finance costs/(income)	(10)	(5,785)	(3,382)	866	(1,991)
- dividends	165,472	81,062	45,800	121,593	147,645
Retained in the Group for future growth	2,303	157,074	165,324	105,194	54,813
- depreciation	28,355	29,961	24,684	21,443	19,039
- retained income for the year	(26,052)	127,113	140,640	83,751	35,774
Total value added	233,132	299,929	265,216	299,167	269,563

SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2020 P'000	31 Dec 2019 P'000	31 Dec 2018 P'000	31 Dec 2017 P'000	31 Dec 2016 P'000
Historical cost net profit	98,009	129,165	127,532	147,508	132,744
Less: Inventory effects net of taxation	(3,397)	(81,657)	(59,136)	(66,610)	(49,674)
Inventory profits	(4,355)	(104,689)	(75,815)	(85,398)	(63,684)
Taxation @ 22%	958	23,032	16,679	18,788	14,010
Replacement cost net profit	94,612	47,508	68,396	80,898	83,070
Weighted average number of shares in issue	159,722,220	159,722,220	159,722,220	159,722,220	159,722,220
Replacement cost earnings per share (thebe per share)	59.2	29.7	42.8	50.6	52.0
Historical cost earnings per share (thebe per share)	61.4	80.9	79.7	92.4	83.1
Dividend per share paid and provided (thebe per share)	112.0	54.9	31	77.2	99.9
Total dividend per share including proposed amount not provided for	53.4	62.6	70.9	108.2	126.5

FIVE YEAR FINANCIAL REVIEW

	31 Dec 2020 P'000	31 Dec 2019 P'000	31 Dec 2018 P'000	31 Dec 2017 P'000	31 Dec 2016 P'000
BASED ON HISTORICAL COST					
Revenue	2,344,081	2,924,784	2,534,340	2,217,465	2,054,060
Operating profit	147,197	189,967	174,209	207,321	190,998
Finance (costs)/income	15	(9,781)	(5,168)	(3,818)	(3,409)
Profit before taxation	147,212	180,186	169,041	203,503	187,589
Taxation	(49,203)	(51,021)	(41,689)	(55,995)	(54,845)
Other comprehensive income	-	-	-	-	-
Attributable profit	98,009	129,165	127,352	147,508	132,744
Earnings per share (thebe)	61.36	80.87	79.73	92.35	83.11
Headline earnings per share (thebe)	61.36	80.87	79.73	92.35	83.11
Dividend per share (thebe)					
- Paid and provided (include extra ordinary dividend)	112.0	54.9	79.7	92.35	83.11
- Paid and proposed - not provided	53.4	62.6	31.00	77.20	99.90
Dividend cover (times)					
- Paid and provided	0.55	1.47	1.00	1.00	1.00
- Paid and proposed - not provided	1.15	1.29	2.57	1.20	0.83
Net asset value per share (thebe)	364.02	406.26	384.41	333.35	317.12
BSE price of share (thebe)					
- Closing	1013	1037	1,040	1,050	980
- Highest	1013	1037	1,040	1,060	989
- Lowest	1013	1037	1,040	1,040	800
Earnings yield (%)	6.06	7.80	7.67	8.80	8.48
Dividend yield (%)					
- Paid and provided	11.06	5.29	7.66	8.80	8.48
- Paid and proposed - not provided	5.27	6.04	2.98	7.35	10.19
Price earnings ratio	16.51	12.82	13.04	11.37	11.79
Total assets (thousands)	940,863	1,065,019	948,209	867,106	788,210
Ordinary shareholders' interest	581,416	648,879	613,982	532,430	506,515
Shares in issue (thousands)	159,722	159,722	159,722	159,722	59,722
Return on shareholders' funds (%)	16.9	19.9	20.7	27.7	26.2
Return on total assets employed (%)	10.4	12.1	13.4	17.0	16.8

SHAREHOLDERS INFORMATION



Share Analysis - Ordinary Shareholders

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1 - 5,000	575	74.77%	572,098	0.4%
5,001 - 10,000	61	7.93%	484,265	0.3%
10,001 - 50,000	65	8.45%	1,499,977	0.9%
50,001 - 100,000	21	2.73%	1,658,616	1.0%
100,001 - 500,000	32	4.16%	6,684,333	4.2%
500,001 - 1,000,000	5	0.65%	3,486,810	2.2%
OVER 1,000,000	10	1.30%	145,336,121	91.0%
Total	769	100.00%	159,722,220	100.00%

Top ten shareholders

SCBN (PTY) LTD RE: BIFM 028914400011	1,173,726	0.73%
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - ALLAN GRAY	1,254,011	0.79%
STANBIC NOMINEES BOTSWANA RE BIFM MLF	1,934,152	1.21%
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	2,203,663	1.38%
FNB BOTSWANA NOMINEES RE: BIFM - ACT MEM & DP EQ	2,389,780	1.50%
FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BPOPF EQUITY	2,408,455	1.51%
MOTOR VEHICLE ACCIDENT FUND	6,858,692	4.29%
FNB BOTSWANA NOMINEES (PTY) LTD RE: BIFM BPOPF-EQUITY	7,513,173	4.70%
FNB BOTSWANA NOMINEES (PTY) LTD RE: AG BPOPF EQUITY	7,944,919	4.97%
PETROLEUM INVESTMENT HOLDING LIMITED	11,655,550	69.91%
OTHERS	14,386,099	9.01%
	159,722,220	100.00%

Category	Shareholders		Shares held	
	Number	%	Number	%
Non - Public shareholders	1	0.13%	111,655,550	69.91%
Public shareholders comprising of:				
Corporate bodies	75	9.75%	7,837,683	4.91%
Nominees companies	78	10.14%	37,649,824	23.57%
Private individuals	615	79.97%	2,579,163	1.61%
	769	100.00%	159,722,220	100.00%

Notice of Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting of Engen Botswana Limited will be held virtually on 14 July 2021 at 08h30 GMT+2 (Botswana). In compliance with national health guidelines, the Annual General Meeting will be hosted online via Microsoft Teams to facilitate social distancing. All shareholders who would like to attend the meeting either by proxy or in person must forward their email address to Francois Mintoor (francois.mintoor@engenoil.com) in order for a link to be provided for the meeting.

Agenda	
1.	To read the notice convening the meeting.
2.	To receive and consider the audited financial statements for the year ended 31 st December 2020.
3.	To approve the dividends as recommended by the directors.
4.	To elect directors of the company who are retiring by rotation in terms of the Articles of Association: Messrs FJ Kotze and L Makwinja being eligible have offered themselves for re-election.
4a)	To confirm the re-election of Mr FJ Kotze who retires in accordance with Article 62 of the Constitution and being eligible, offers himself for re-election. Mr FJ Kotze has been a director of three Petronas subsidiaries in Malaysia, namely Petronas Ethylene Malaysia, Petronas Polyethylene Malaysia, and Petronas Polypropylene Malaysia. He joined Engen Petroleum in 1993 as a retail pricing executive and has served in various capacities throughout the group. He is currently the Head of the International Business Division and is a member of the Remuneration Committee of the board of Engen Botswana Limited.
4b)	To confirm the re-election of Mr L Makwinja who retires in accordance with Article 62 of the Constitution and being eligible, offers himself for re-election. Mr L Makwinja has served several directorships in listed and non-listed entities, including Chairman of Morupule Colliery, Chairman of Botswana Telecommunications Corporation Limited (2006 to 2014), Director of Botswana Telecommunications Corporation Limited, and Non-Executive Director in African Banking Corporation. He served as Executive Director of Six Plus One Consulting (Pty) Ltd. He serves as the Chief Executive Officer of Botswana Railways.
5.	To approve the remuneration of the directors as follows:
5a)	To approve the remuneration of the directors for the year ended 31 December 2020.
5b)	To approve the directors fees increments effective 1 January 2021. The increments are as follows:
	<ul style="list-style-type: none"> o Non-Executive Directors - Board fees to increase by 3.16% (inflation) + phased in approach of 6% for 2021, in total a (9.16%) increase. o Board Chairman – Board fees to increase by 3.16% (inflation) only for 2021.
6.	To approve the auditor's remuneration for the 2020 audit.
7.	To appoint Ernst & Young as auditors for the 2021 audit.
8.	To transact such other business as may be transacted at an Annual General Meeting.

Every member entitled to attend and vote at the meeting may appoint one or more persons as a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the company. The instructions appointing such a proxy must be deposited at the company's transfer offices or registered offices at least 48 hours before the meeting.

Proxies should be sent by email to the Transfer Office for the attention of Bonolo Moutswi (bonolo.moutswi@pwc.com) or by mail to P O Box 294 Gaborone.

By order of the Board.

PricewaterhouseCoopers (Proprietary) Limited
Company Secretaries
Gaborone

8 June 2021

Proxy form

For completion by holders of Ordinary shares

Please read the notes overleaf before completing this form.

For use at the Annual General Meeting of Shareholders of the company to be held by virtual meeting through Microsoft Teams on the on 14th July 2021.

I/We _____

(Name in block letters)

Of (Address) _____

Hereby appoint 1. _____

or failing him/her, _____

or failing him/her, _____

The Chairman of the meeting

As my /our proxy to act for me/us at the virtual meeting through Microsoft Teams the on 14th July 2021 at 08:30hrs and at any adjournment thereof to vote for or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following instruction

Number of ordinary shares

		For	Against	Abstain
Ordinary resolution 1	Agenda No 2			
Ordinary resolution 2	Agenda No 3			
Ordinary resolution 3 a)	Agenda No 4 a)			
Ordinary resolution 3 b)	Agenda No 4 b)			
Ordinary resolution 4 a)	Agenda No 5 a)			
Ordinary resolution 4 b)	Agenda No 5 b)			
Ordinary resolution 5	Agenda No 6			
Ordinary resolution 6	Agenda No 7			

Signed at: _____

Date: _____ Signature: _____

Assisted by (where applicable): _____

Each shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.

Please read notes 1 - 7 on the reverse side hereof.

Proxy form [continued]

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting "Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholders instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.
3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.
5. To approve the remuneration of the directors as follows:
 - 5a) To approve the remuneration of the directors for the year ended 31 December 2020.
 - 5b) To approve the directors fees increments effective 1 January 2021. The increments are as follows:
 - o Non-Executive Directors - Board fees to increase by 3.16% (inflation) + phased in approach of 6% for 2021, in total a (9.16%) increase.
 - o Board Chairman – Board fees to increase by 3.16% (inflation) only for 2021
6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.
7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.