



PetroSA

More on Governance Systems

We use a Combined Assurance Framework and Approach

- ✓ Major risks covered by the Three Lines of Defence, namely:
 - ✓ First line – Management and Staff
 - ✓ Second Line – Committees and Specialised Functions
 - ✓ Third Line – Independent Assurance, Internal and external
- ✓ Reported through to the Board Audit and Compliance Committee
- ✓ Monitor implementation of framework to ensure integration and consistency
- ✓ Elevate governance across the company through consistent messaging from all oversight functions

Our new Values System that emphasizes Stewardship, Honesty, Integrity, Respect and Trust

Governance Monthly Meetings

- ✓ Current and planned assurance activities: ensure alignment and eliminate duplication
- ✓ Assurance findings: maintained in a centralised repository and follow up on resolution by the Group Compliance Function



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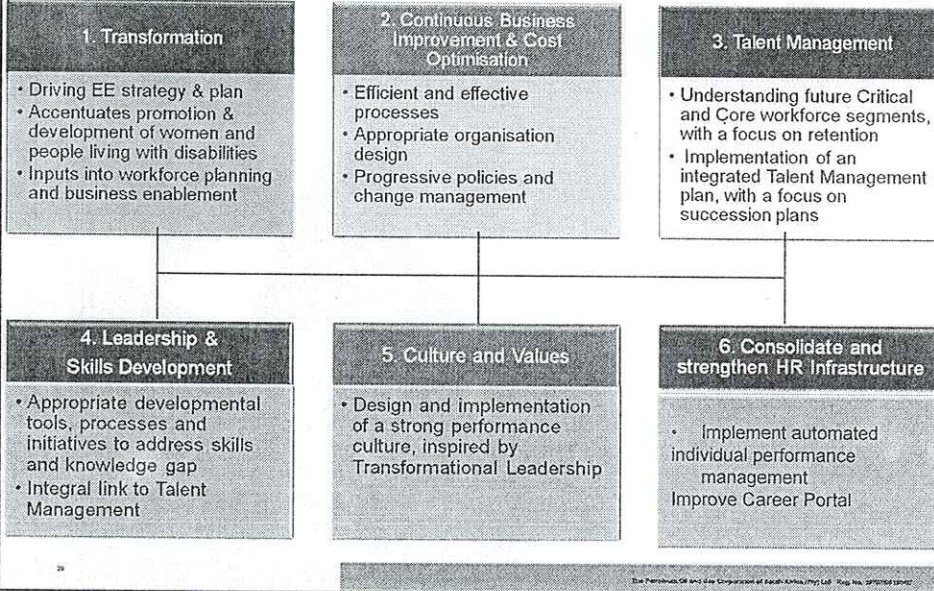
When governance processes are violated, appropriate action is taken

- **Fraud Prevention and Ethics**
- Independently-managed Whistle-blower and Ethics Line available to report fraud- and ethics-related matters.
- Reporting on governance
- Formalised reporting across the organisation at Management, Executive and Non-Executive levels



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Human Capital systems: 6 Key Focus Areas



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Skills Development Priorities

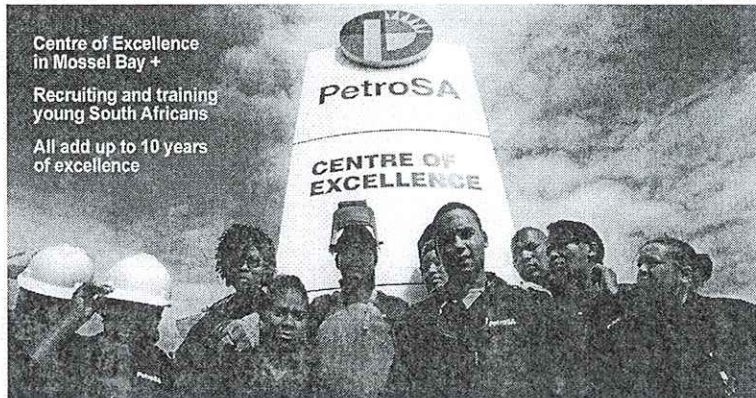
Leadership Development Programme	A four-tier Duke Corporate Leadership Development Programme customised for PetroSA and aimed at developing leadership competencies from Junior to Executive Management levels. Junior, Middle and Senior Management programmes have commenced
Accelerated Development Programme	For Women at Levels 3 & 4, Bursars, Graduates-in-Training and Scholars
Major Projects Skills Development Plan	Knowledge and skills transfer; secondments with partners; "embedation"
Partnerships	<p>With institutions, associations & businesses aimed at developing scarce and critical skills aligned to the strategy and attracting People Living with Disabilities.</p> <ul style="list-style-type: none"> - Nelson Mandela Metropolitan University (NMMU) Launch of Diploma in Chemical Process Technology (KBC/NMMU and PetroSA) – on going initiative - Cape Peninsula University of Technology (CPUT) partnering with Disability Unit to provide bursaries to People Living with Disabilities – on-going - Project Ikhwezi Suppliers skills transfer of various suppliers to PetroSA employees

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Centre of Excellence
in Mossel Bay +
Recruiting and training
young South Africans
All add up to 10 years
of excellence



For the past ten years, the PetroSA Centre of Excellence in Mossel Bay has been dedicated to the recruitment and training of young South Africans, teaching them the essential skills demanded by our petrochemical sector. The 99% success rate testifies to the professionalism of our staff, the CHETA-accredited courses and the standard of our facilities, proving yet again that we are more than just an oil company.



PetroSA
South Africa's Natural Gas Company

www.petrosa.co.za

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Conclusions

The 2013-17 Corporate Plan supports both the Government's Development Agenda and PetroSA's Sustainability and Growth Imperatives:

Sustainability focus:

- Continued production at GTL Refinery
- Project Ikhwezi should start production during 2nd half 2013
- LNG project targets first imports by 2017
- Increased focus on cost control and efficiency improvements

Growth focus includes:

- ❖ Project Mthombo (Complete feasibility study in 2014)
- ❖ Targeted pursuit of upstream opportunities

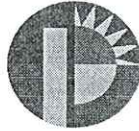
We have Good Governance, Project Execution and Human Capital management systems in place;

But a tough operating environment is envisaged, with PetroSA expecting reduced profitability in the planning period.

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BACK-UP SLIDES

*Presented to the
Portfolio Committee for Energy
18 April 2013*



ENTERPRISE DEVELOPMENT & JOB CREATION

Enterprise Development Company	Permanent Employees	Potential STC Employees (during projects)
Siyakhona Scaffolding	63	170
Sophumelela Industrial Painting & Insulation (Pty) Ltd	38	150
Metamorphic Engineering CC	22	150
TJ&H Fire Services CC	8	0

	Siyakhona Scaffolding	Sophumelela Painting	TJ&H Fire Services	Metamorphic Engineering
Approved Contract	R183M	R129M	R7M	R103M
Value spent to Date	R170M	R97M	R7M	R97M

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Capital Projects Job Creation through Project Ikhwezi

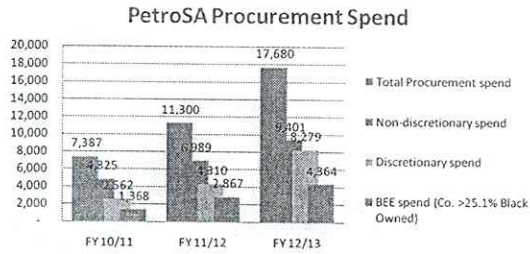
SKILLS DEVELOPMENT TO-DATE		
PetroSA personnel on the project are actively involved and working closely with specialist offshore consultants and suppliers in Project Ikhwezi execution. This is to ensure that effective and optimal knowledge and skills transfer take place.		
Project Discipline	No. of Personnel	Project exposure and/or experience gained
Overall Project Management	2	Managing an offshore gas development project
Drilling	5	Design and drilling of long horizontal wells
Subsea	8	Design and installation of equipment, pipeline and structures
Topsides	5	Design, fabrication and installation of FA equipment
Project Controls (cost control & planning)	6	Cost estimation, control and project scheduling
Procurement	10	Tendering and contract management
Legal	3	Contracting with various offshore suppliers and contractors
Commissioning	1	Developing and implementing commissioning plan
Quality Management (QA/QC)	6	Quality management in all aspects of the project
Health Safety & Environment (HSE)	3	HSE compliance in all aspects of the project
TOTAL	49	49 PetroSA personnel are complemented by 21 specialist offshore consultants and 7 local contractors

JOBS CREATED TO-DATE				
Project team negotiated with overseas suppliers/contractors to subcontract portion of work to SA local suppliers				
Project Discipline	Main Supplier / Contractor	Sub-contractor (local companies)	Rendered Service	Jobs
Topsides		Protea Automation	Distributed Control System (DCS)	12
Subsea	GE Vetco Gray (UK)	Matrikon Moore	Subsea control system (MCS)	14
	SBM Offshore	DCD Dorbyl	Fabrication of Structures	24
		Bennets	Fabrication of Structures	18
		Pipe shield	Production of Mattresses	7
	PMSA & TKM		Linepipe supply agents	10
	Bel Valves	Flu Valve	Valve agent	4
Logistics	UTI		Logistic services	3
PM function	PetroSA Contractors		Procurement, Document Control, FA Construction	12
TOTAL				104

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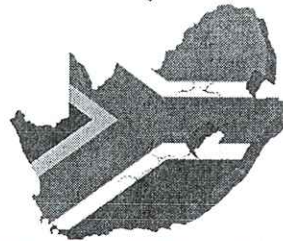
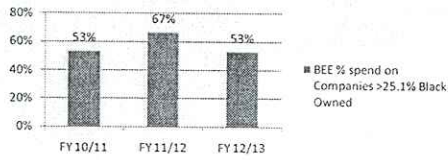
PetroSA has progressed significantly in transforming its supplier base towards a B-BBEE supplier base



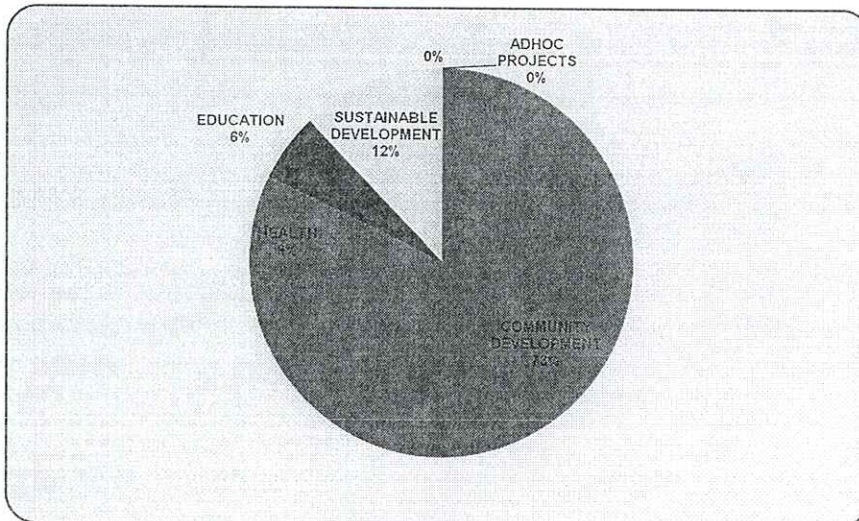
BBBEE % Spend against discretionary spend has been above the target of ~ 50% per annum over the past 3 years



BEE % spend against discretionary spend (Target 50%)



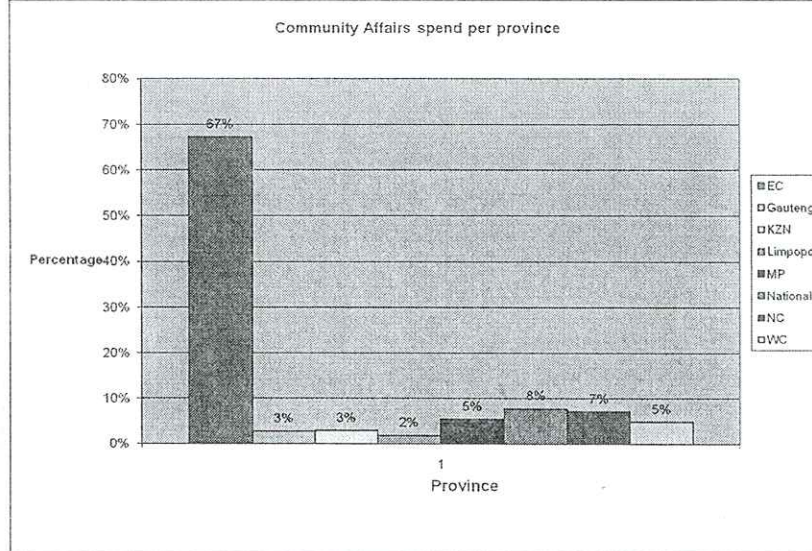
Our CSI Footprint





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FY12/13 Community Affairs footprint

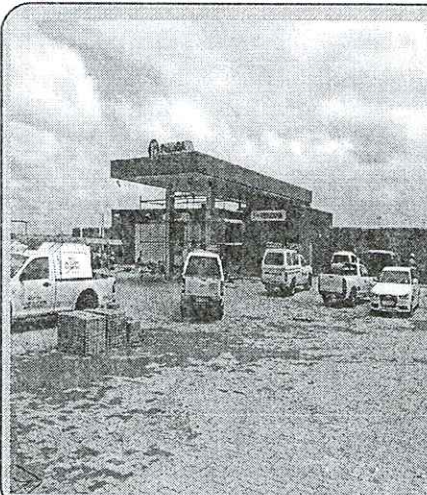


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Highlight : Mbizana leC



To facilitate sustainable access to affordable and quality energy products to the poor, PetroSA has completed the construction of its first leC at Mbizana, which was launched in November 2012

It consists of the following:

- an energy shop;
- ablution facilities
- and a fuels forecourt.

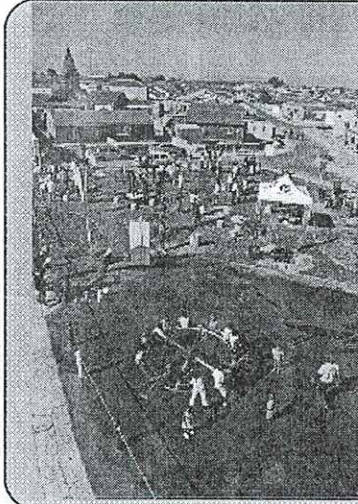
The facility is independently owned and operated by a Mbizana cooperative made up of the local community

The Centre ensures access to quality energy products and reduces household spend on energy. It has created 8 permanent jobs and currently operates at 80% of its business plan projections.

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PetroSA Staff Volunteer Programme: Development of Father Curran Park in Gugulethu, Cape Town



- As part of an on-going Employee Volunteering Programme, last month PetroSA employees developed the Father Curran Park in Gugulethu, Cape Town in partnership with the City of Cape Town. The project also saw a woman-owned small contractor, who had always worked as a sub-contractor and had never won a bid before, awarded the business to coordinate the development of the park.

Four EVP programmes – two in each place – are held in Mossel Bay and in Cape Town in each financial year.



Our social-licence-to-operate commitments in Mossel Bay

South Coast Gas

Sport facilities at schools	R2,353,397.28
Asla Park Clinic	R8,200,000.00
Centre for children with disabilities	R8,557,000.00

FA-EM

Youth Training Centre	R6,500,000.00
Maths & Science Academy	R1,800,000.00

Oribi Oryx

Shelter for the homeless	R3,000,000.00
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FO Ikhwezi

D'Almeida Clinic	R3,900,000.00
Alma Clinic	R3,000,000.00
Early Childhood Development Programme	R1,500,000.00



PetroSA's BBBEE PERFORMANCE

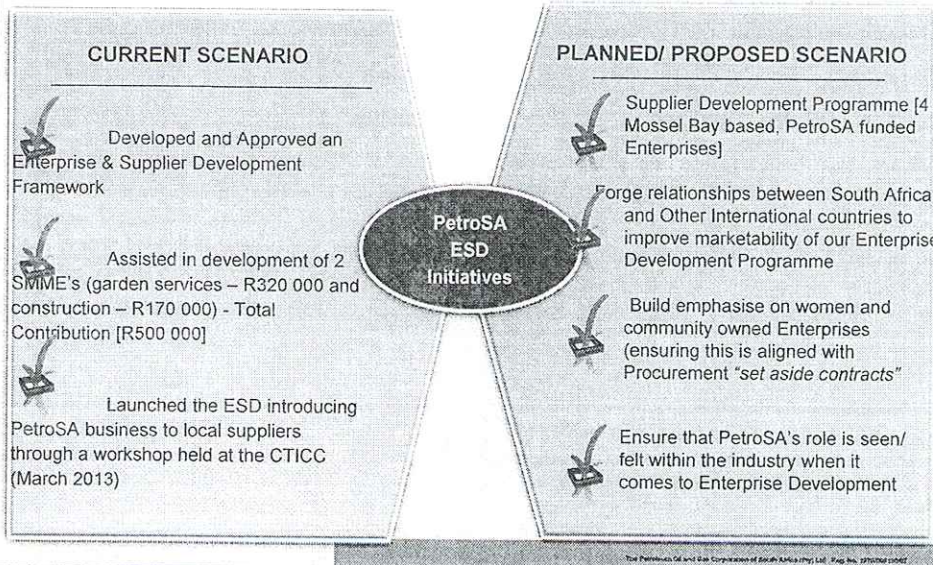
BBBEE Elements	PetroSA's Targeted Performance	Current PetroSA Performance	DTI's BBBEE Weighting Points	Industry Average	Remarks
Equity Ownership	50E	NA	NA	13,09	100% owned by the Status
Management & Control	15	15	15	9,69	
Employment Equity	10	8,48	15	10,79	
Skills Development	15	17,13	20	9,01	
Preferential Procurement	20	19,27	20	16,02	
Enterprise Development	10	2,85	15	12,99	
Socio-Economic Development (CSI)	15	14,14	15	6,31	
Total – Contribution Level	85 - Level 2	77,87 – Level 3	100	77,89	

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Enterprise & Supplier Development SCENARIO

“ Intend to grow and strengthen the Supplier Development Programme Model as our key Enterprise Development Support Framework (through partnership) ”



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PetroSA Enterprise & Supplier Development

Recent Activities

- Adopted an Enterprise & Supplier Development Framework, with three focus elements ***Enterprise Support; Supplier Development and Competitive Supplier Development (localisation)***.
- Launched the ESD introducing PetroSA business to local suppliers through a workshop held at the CTICC (March 2013).
- Broadening BBBEE support through procurement spent (2012-2013 tender bulletin).
- Hosting ESD workshop in Mossel Bay aimed at strengthening economic development through further development of current and future suppliers (April 2013).
- In a process of identifying targeted high impact project/s in line with CSDP (June 2012).

Planned Recommendations/Activities

- Creating an ESD hub at the recently established & funded Bizana IeC (integrated energy centre)
- Further rolling out of the ESD framework implementation plan for 2012-2013.

