



**sasol**



# CHARTER FOR PETROLEUM AND LIQUID FUELS INDUSTRY

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Sasol is a global integrated chemicals and energy company. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively to create superior value for our customers, shareholders and other stakeholders.

We develop and commercialise technologies, and build and operate world-scale facilities to produce a range of high value product streams, including liquid fuels, chemicals and lower-carbon electricity.

We employ more than 31 000 people working in 32 countries.

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# Charter for Petroleum and Liquid Fuels Industry

## **Meeting the Petroleum and Liquid Fuels Charter's (the Charter) objectives (Sasol Oil)**

In November 2000 the South African Petroleum and Liquid Fuels Industry stakeholders signed the Charter to provide a framework for driving the empowerment of historically disadvantaged South Africans (HDSA) in the liquid fuels industry.

The South African Petroleum Industry Association (SAPIA) Transformation Committee and the Ministerial Compliance Committee were established by the Department of Energy (DoE) to monitor, support and report on progress of the Charter. All oil companies are represented in these committees. The signatories of the Charter, including Sasol Oil, are committed to facilitate empowerment in the industry by achieving targets as outlined in the Charter. A process is currently underway to align the Charter and B-BBEE codes into the Petroleum and Liquid Fuels Sector Codes (PLFSC).

The following is a summary of Sasol Oil's progress towards meeting the Charter's objectives and targets:

## 1. OWNERSHIP

### Progress

Sasol Oil has fully complied with the ownership element. Effective 1 July 2006 Sasol Oil sold 25% of its shares to Tshwarisano LFB (Pty) Ltd, a broad-based black economic (B-BBEE) empowerment consortium comprising 150 000 direct shareholders and 2,8 million beneficiaries. The demographics of this empowerment group include 54% women ownership, substantial rural representation, 3% youth ownership and 2% disabled ownership.

In structuring this empowerment transaction, it was ensured that all aspects of the Charter were adhered to, including participation by Tshwarisano throughout Sasol Oil's value chain. Consequently, Tshwarisano participates in the sourcing of crude oil and fuels components, refining and blending, in-bound logistics and retailing, and direct sales to end users. The value of this transaction amounted to R1 450 billion, making it the biggest black economic empowerment (BEE) transaction in the liquid fuels industry. All debt related to the Tshwarisano transaction was settled in February 2016, a year in advance of the agreed settlement date.

## 2. CONTROL

### Progress

Sasol Oil B-BBEE partners who are 100% Black, fully own and control Tshwarisano, which in turn has an effective 25% shareholding throughout Sasol Oil's value chain. Tshwarisano has appointed three directors to Sasol Oil's Board of Directors with full voting rights. To ensure that effective control by historically disadvantaged South Africans (HDSA) is maintained, the Sasol Oil Board of Directors has, to date, transformed from zero to 75% Black representation and 33% women Board members. In terms of control, Sasol Oil is fully compliant with the Charter from the perspective of both Black representation and voting rights, as well as operational involvement of HDSA.

## 3. SUPPORTIVE CULTURE

### Progress

Various interventions have been implemented to ensure that an enabling empowerment environment is created within Sasol Oil. Black economic empowerment (BEE) targets are monitored and pursued as part of Sasol Oil's overall Balanced Scorecard. BEE Working Group Committee meetings, which include all business units, are held monthly to monitor progress against transformation targets and provide an oversight role in governance and implementation of transformation initiatives.

Additionally, Sasol Oil has a combined Employment Equity (EE) and Skills Development (SD) forum which identified barriers to transformation and developed transformation action measures. It continues to review, monitor progress and make recommendations to the Executive Committee on EE and SD issues.

BEE is one of the key business imperatives for Sasol Oil especially as it is one of the key criteria used by the Department of Energy (DoE) in awarding retail and site licences, which are critical in the execution of Sasol Oil's strategy.

## 4. SUSTAINABILITY

### Progress

Sasol Oil played a pivotal role in the establishment of Exel Petroleum in 1997, which operated successfully as a liquid fuels marketing company up to 2004 when it was merged with Sasol Oil. The merger was informed by the realisation that Exel's operations would be exposed when the industry is deregulated, hence Exel's shareholders comprise more than 40% of the Tshwarisano Consortium. Today Tshwarisano, which includes former Exel's shareholders, owns 25% equity in all parts of Sasol Oil's value chain. This has enhanced their sustainability by protecting them from being exposed to volatile parts of the business. In addition, Tshwarisano used all its dividends to repay its debt, enabling it to meet its ten year debt-free commitment.

## 5. EMPLOYMENT EQUITY

### Progress

For the reporting period, Sasol Oil's diversity for all designated groups (Africans, Coloureds, Indians excluding White females and non-South Africans) was 78,6%.

Diversity at different occupational levels are as follows:

Senior management: 55,5% with 19,4% Black female and 36,1% Black male representation.

Middle management: 72,6% with 37,3% Black female and 35,3% Black male representation.

Junior management: 73,2% with 27,7% Black female and 45,4% Black male representation.

Semi-skilled: 93,8% with 13,4% Black female and 80,4% Black male representation.

Unskilled: 100% with 33,3% Black female and 66,6% Black male representation.

The focus remains on achieving our EE target to redress the under-representation of African females in senior management, Coloured and African females in middle and junior management.

Black people with disabilities represent 2,06% of all employees and continue to be a focus area across all levels.

## 6. CAPACITY BUILDING

### Progress

Skilled, experienced, diverse and productive people enable us to operate safely, reliably and sustainably. In line with our cost optimisation focus, Sasol Oil's total skills development spend on Black employees amounted to R5,5 million. In addition, on-the-job mentoring and coaching has been a focus to complement formal training and consequently R4,4 million worth of job mentoring and coaching has been spent on Black employees.

Opportunities and business areas to implement learnerships and/or internships for Black employees have been investigated. Further learnership opportunities for Black people with disabilities have also been investigated. Implementation opportunities are planned for financial year (FY) 2018. In regard to learnerships for unemployed Black people, 10 learners were identified for development through our learnership, graduate development and internship programme. A further intake is planned for FY2018. All learners have progressed to the next National Qualifications Framework (NQF) level while opportunities for permanent employment are being explored.

## 7. TERMS OF CREDIT TO HDSA COMPANIES

### Progress

Sasol Oil actively supports emerging Black liquid fuel wholesaling companies with favorable pricing, preferential allocation of products and appropriate credit terms in combination with coaching and mentoring.

## 8. PREFERENTIAL PROCUREMENT

### Progress

Total measured procurement spend for the period was R1,9 billion. A significant amount of R932 million (47%) was spent with  $\geq 51\%$  Black-owned suppliers (excluding crude oil). Procurement targets linked to employee short-term incentives have been set to improve spend with Black-owned suppliers.

Additional procurement targets have been set to improve spend with small enterprises in our supply chain, the majority of whom are Black-owned. Certain commodities for BEE procurement have also been identified which will contribute to improving BEE spend.

More opportunities continue to be explored including enrolling some Black-owned suppliers, depending on their needs, in Sasol Oil's enterprise and supplier development programme. This will enable them to meet Sasol Oil's requirements in regard to Safety, Health and Environment (SHE), quality, general business and technical compliance. Progress continues to be made in the challenging area of crude oil and product procurement. At the end of the period, 46% of the total crude oil and 75% from spot markets was sourced from Black-owned traders. 100% of imported finished product was sourced from Black-owned suppliers.

## 9. SUPPLIER AND ENTERPRISE DEVELOPMENT

### Progress

Sasol Oil is committed to ensuring a capable and highly competent supplier base to deliver quality goods and services. To this end, R23,2 million loan financial support has been provided to qualifying Black-owned suppliers through the Siyakha Trust loan financing scheme. This much needed financial support assists suppliers with working capital or equipment to enable them to meet the demands/requirements of their work. Access to financial support has been enabled through a supply contract only being required as a guarantee as well as offering of prime – (minus sub-prime interest rates) to qualifying suppliers based on their credit records. A further R298 000,00 grant funding has been made available to on Black-owned suppliers to enhance their capacity in SHE and quality compliance.

## 10. SYNFUELS SUPPLY AND WHOLESALING

### Progress

Sasol Oil enables Black enterprises to purchase on a wholesale (ex-refinery) basis. In the past only oil companies that owned refineries purchased product on a wholesale basis. After signing the Charter, Sasol Oil provided access and opportunity for emerging Black companies to purchase on the same basis as established companies. This intervention has provided many of the so called "non-refinery wholesalers" an opportunity to compete on an equitable basis.

## 11. REFINING CAPACITY

### Progress

Tshwarisano, our BEE partner, owns 25% of Sasol Oil's share in the Natref refinery which produces 12% of South Africa's total petroleum demand. In addition, Tshwarisano owns 25% of Sasol Oil's Secunda Operations where fuel components purchased from Sasol Synfuels are blended for marketing. Tshwarisano is thus fully involved in the manufacturing and refining of all Sasol Oil's products.

## 12. RETAILING

### Progress

Out of Sasol Oil's retail network of franchised Sasol Convenient Centres (SCC), Exel Service Stations and dealer owned sites, 53% are operated by Black dealers and 14% operated by women dealers. In further advancing retail network transformation, only African and Coloured franchisees will be appointed in New To Industry (NTI) unencumbered sites. African and Coloured females will be given priority, with males being considered when no female candidate can be recruited.

For existing sites, the pipeline of potential African and Coloured candidates is managed via a database which ensures a repository of potential candidates when opportunities arise. Underperforming franchisees will be terminated and sites to be ring-fenced for Black entrants.

# 13. SOCIO-ECONOMIC DEVELOPMENT (SED)

## Progress

Sasol Oil is a supplier of fit-for-purpose energy solutions in the energy market both locally and abroad. We regard the implementation of social investment programmes in our fenceline communities as a way to demonstrate our commitment to making a meaningful contribution to sustainable socio-economic development.

In Southern Africa and internationally, Sasol Oil's social investment programmes target projects that bring significant social upliftment to communities in which we operate. In addition, this approach affords the opportunity to demonstrate to stakeholders the organisation's brand and values.

We bring our good corporate citizenship to life through an integrated Social Investment approach and focus on:

## Education

- Implementation of projects that are targeted at learners from rural and other developing areas to improve their literacy levels and understanding of mathematics and science to enable them to pursue careers in science and technology.
- Supporting rural and urban educational infrastructure and development in communities surrounding Sasol Oil's retail and operations sites, and the Integrated Energy Centres (IECs) operations.
- Implementing programmes aimed at increasing opportunity for employment with a special focus on youth and supporting learnership and skills development programmes.

## Environment

- Promoting environmental protection through implementation of environmental programmes relating to environmental education, waste and water management, biodiversity and air quality.

## Employee Volunteerism

- Promoting the concept of "giving" through the group-wide *Sasol for Good* employee volunteering programme. Employees can volunteer their time, skills and resources through company and employee initiated social development causes.

The first part of the paper discusses the importance of understanding the cultural context of the research. It highlights how cultural differences can influence the interpretation of data and the design of the study. The author argues that researchers must be sensitive to these differences and adapt their methods accordingly. This is particularly true in cross-cultural research, where the researcher is often working in a foreign environment. The paper then moves on to discuss the challenges of conducting research in a non-Western context. It notes that many of the assumptions and methods developed in Western countries may not be applicable in other cultures. For example, the use of individualistic measures may not be appropriate in collectivist societies. The author suggests that researchers should seek to understand the local context and develop methods that are culturally appropriate. This may involve working with local researchers or using indigenous knowledge. The paper also discusses the importance of ethical considerations in cross-cultural research. It notes that researchers must be aware of the potential for harm to participants and take steps to minimize this risk. This includes obtaining informed consent and ensuring that the research is conducted in a respectful and ethical manner. Finally, the paper concludes by emphasizing the need for a global perspective in research. It argues that researchers should not limit their focus to a single culture or region, but should instead seek to understand the broader patterns of human behavior and thought. This requires a willingness to learn from other cultures and to challenge one's own assumptions.



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