

SUSTAINABILITY REPORT 2019

TANZANIA



POWERING DEVELOPMENT

WE STRIVE TO BE A PARTNER FOR GROWTH IN TANZANIA, BOTH NOW AND IN THE FUTURE.

Songas is a leading gas-to-power company run in partnership with the Tanzanian Government. Together, we are utilising the country's abundant natural resources to produce reliable and affordable power that's needed to stimulate economic development.

Our 190 MW Ubungo plant in Dar es Salaam provides around 20% of Tanzania's electricity demand and has an excellent availability rate.

By supplying electricity to the national utility, TANESCO, at lower cost than other thermal power plants, we are supporting the provision of more affordable electricity for individuals and industries across the country.

Songas also owns the gas processing facility on Songo Songo island and the 225 km pipeline that brings gas from the Songo Songo gas field directly to our plant, other power generators and industrial customers.

The use of indigenous natural gas from the Songo Songo gas field has helped to save the Tanzanian economy over 10 trillion TSh since production began in 2004¹ by reducing the need for imported fuel.

It's very important to us that we contribute to development in a sustainable way. We do this by working safely and taking care of the environment. By engaging and developing our people. By being a good citizen and neighbour. And by giving back to the communities we are part of.

In 2019, we continued to support communities through our social and economic development programmes. Through these, we have improved education and healthcare facilities, enhanced livelihoods and given local young people valuable work experience to help them get jobs.

Keeping our people safe is our priority. When Covid-19 struck in early 2020, we took additional steps to help protect the health of our employees and maintain essential power supplies during the crisis.

Our commitment to sustainability will help us secure a bright future for our communities, our colleagues, our country and our company.

Anael Samuel

Managing Director, Songas Ltd

Working in partnership

Since 2004, Songas has been a strategic partner of the Government of Tanzania in meeting the country's growing demand for energy. Songas is owned by Globeleq (54.1%), TPDC (28.69%), TANESCO (9.56%) and TDFL (7.65%).

Natural gas from the Songo Songo gas field is processed by our contractor, Pan African Energy Tanzania, on Songo Songo island. It is then transported along our pipeline, which local communities help us monitor, to our Ubungo power plant in Dar es Salaam.

The electricity we generate is supplied to the national grid and distributed to end users by TANESCO.

POWERING TANZANIA'S GROWTH – KEY PERFORMANCE INDICATORS 2019

OUR POWER



190
MW
93.2%
AVERAGE
AVAILABILITY
IN 2019²

OUR PEOPLE



73
EMPLOYEES
96%
TANZANIAN
NATIONALS

OUR DEVELOPMENT IMPACT



133,600
JOBS INDIRECTLY
SUPPORTED
IN 2019³

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¹ Converted from US\$5bn quoted by the Tanzania Petroleum Development Corporation (TPDC). ² Equivalent availability factor, as defined by the Institute of Electrical and Electronics Engineers 762.

³ Estimated indirect employment enabled by businesses using electricity generated based on Joint Impact Model (used by CDC Group).

KEEPING PEOPLE SAFE

WE HAVE ROBUST SYSTEMS IN PLACE TO MAKE SURE EVERYONE GOES HOME SAFELY AT THE END OF EVERY WORKING DAY.

MANAGING HEALTH AND SAFETY

Our health and safety management system is aligned with Globeleg's common procedures, which are based on international standards. The Songas Ubungo plant is certified to OHSAS 18001 and we are working towards ISO 45001 certification.

The gas processing operation at Songo Songo island is operated by a contractor that has its own dedicated HSE team, training and stringent procedures.

SAFETY PERFORMANCE IN 2019



Visible leadership, a highly engaged team and a proactive approach to safety helped the Ubungo plant reach the milestone of 1,000 days without a lost-time accident (LTA) in July 2019.

There were no LTAs at the Ubungo plant in 2019. However, there was one on Songo Songo island when a worker at the gas processing operation broke his foot as he disembarked from a boat. The combined reportable incident rate for both sites during the year was 0.42, a 3% increase from 2018.

We believe all accidents are foreseeable and preventable. If an incident does occur, we conduct rigorous root cause analysis and use this to support continual improvement.

INSTILLING A SAFETY-FIRST CULTURE

We strive to build a culture where safety comes first, encouraging everyone on site to remain vigilant, and take responsibility for their own safety and that of others. Our health, safety and environment (HSE) team runs regular awareness campaigns and delivered over 2,540 hours of HSE training to employees in 2019.

Employees and contractors complete extensive safety training before they start working with us. No work can be undertaken without authorisation and competency

checks to ensure the people assigned to a task have appropriate training to do it safely.

Both employees and contractors join regular toolbox talks on site. Working together safely was vital in 2019 during major technical upgrades at the Ubungo plant. These involved hundreds of contractors and were completed without incident.

Security contractors also complete training on safety and human rights.

PROMOTING HEALTH AND WELLBEING

We offer our people health screenings, vaccinations and health insurance, as well as an on-site gym at the Ubungo plant, to promote health and wellbeing. We also provide access to free counselling and support.

1,162

DAYS WITHOUT LTAs AT UBUNGO POWER PLANT BY END OF 2019

KEEPING FAMILIES SAFE

In 2019, we ran a family day that included training from the Tanzania Fire and Rescue Force on first aid and fire safety. Around 70 employees and 250 family members took part. We also provided fire blankets and extinguishers for use at home.

⁴ Incident rate includes lost-time accidents and incidents resulting in medical treatment or work restriction. Calculated in line with OSHA definition (200,000 x reportable incidents/working hours).

INVESTING IN OUR PEOPLE

AS A RESPONSIBLE EMPLOYER, WE LISTEN TO OUR PEOPLE AND HELP THEM ACHIEVE THEIR AMBITIONS.

DEVELOPING DIVERSE TALENT

In 2019, 70 of our 73 employees in Tanzania were citizens of the country and the others have been working in Tanzania for many years. We have invested in development to support succession of nationals into senior roles – including preparing Anael Samuel to take over as Songas Managing Director in early 2020.

We hire locally where possible and support local skills development through socio-economic development programmes (see page 5), including internships. In 2019, we launched a one-year apprenticeship programme and welcomed our first four apprentices to Songas.

We invested over 557 million TSh in training during the year to build employees' technical, management and leadership skills. A new programme gave five high-potential employees the opportunity to take on some of the responsibilities of the plant manager for two weeks, with close supervision and feedback from managers to help them develop.

In 2019, women represented 15% of our employees in Tanzania. We are keen to improve gender balance and support development opportunities for women in our business. In 2019, Mary Mwanukuzi (see quote) was one of three Songas employees who graduated from the Female Future Programme, an Association of Tanzania Employers initiative for the advancement of women in the workplace.

EMPLOYEE ENGAGEMENT SURVEY 2019



ENGAGING EMPLOYEES

In 2019, 97% of our people in Tanzania responded to Globeleq's first companywide employee survey. Our engagement score was 7.6 out of 10, well above the

international benchmark for the industry of 7.0.

We scored particularly well on goal-setting, meaningful work, peer relationships and living our values. Employees also identified several areas where we could improve. We are responding to their feedback by explaining the processes for identifying development opportunities and making decisions about reward, as well as creating a lounge space for breaks.

We also engage with employee representatives through formal consultation. Most (78%) of our employees are members of a trade union and collective agreements are negotiated every five years, with annual reviews.

Everyone working with us is expected to follow our values. All employees must complete annual refresher training on the Globeleq Code of Business Conduct. We also ran in-depth sessions on our anti-bribery and corruption policy in 2019.

"Songas has helped me develop my skills and experience throughout my 16 years at the company by investing in training and trusting me on critical projects. Now I have the opportunity to share my knowledge and practical experience with others."

MARY MWANUKUZI
HEAD OF ENGINEERING & TRAINING AND FEMALE FUTURE PROGRAMME GRADUATE

"I joined Songas as an intern in 2016 and now I'm a technical engineer. I love being engaged in different projects. It keeps my work fresh and enables me to expand my horizons every day. When you're stimulated by and really like your job, good things happen!"

NICKSON MOSES
TECHNICAL ENGINEER



SUPPORTING OUR COMMUNITIES

WE WORK CLOSELY WITH THE COMMUNITIES AROUND OUR OPERATIONS AND INVEST IN PROJECTS TO HELP THEM THRIVE.

INVESTING IN SOCIAL AND ECONOMIC DEVELOPMENT

Our socio-economic development (SED) projects aim to create a sustainable, positive and long-term impact on our host communities.

We align our SED projects with Globelec's four corporate priority areas – health, education, income generation and post-school professional development. We also respond to specific local needs around infrastructure and environmental conservation.

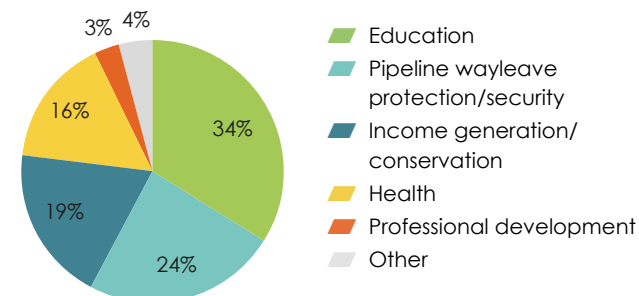


1.1 bn Tsh
INVESTED IN
SED PROJECTS
IN 2019



66,000+
DIRECT
BENEFICIARIES
IN 2019

SED INVESTMENT BY CATEGORY IN 2019



SED HIGHLIGHTS IN 2019



EDUCATION: In 2019, we supported 21 projects that benefited more than 5,000 students and 23 teachers. We built four new classrooms and refurbished eleven more to serve more than 2,310 students at four primary schools along our gas pipeline. We also refurbished a school library for 400 students and sponsored the Young Scientist Tanzania 2019 exhibition to promote interest in science.



HEALTH: We trained a further 12 clinical officers on dental surgery and treatment in 2019 to increase access to dental services for communities near our gas pipeline. On International Women's Day, Songas women employees visited fistula patients at the Comprehensive Community Based Rehab in Dar es Salaam and presented a donation from Songas. We also funded equipment for the Muhimbili National Referral Hospital that provides cancer treatment for children.



PROFESSIONAL DEVELOPMENT: We offered six-month internships to 20 graduates from universities around the country in 2019 (including three women), giving them valuable on-the-job experience to enhance their employability. We also funded scholarships for 28 young people for vocational skills training to help them get jobs or set up their own businesses.



INCOME GENERATION: We have continued our partnership with Sea Sense to support marine conservation, boost livelihoods and empower women in coastal communities (see page 6). We also supported business skills development for 300 entrepreneurs and awareness sessions on beekeeping for 150 people in 2019 to open up potential new sources of income.

SUPPORTING OUR COMMUNITIES

ENGAGING WITH COMMUNITIES

Good relationships with local communities are critical to our licence to operate. Our SED manager leads our engagement with communities in line with Globeleq's common procedures.

We meet regularly with local leaders and representatives to update them on our activities, listen to their feedback and respond. Local people can also raise concerns through our formal grievance mechanism.

Input from communities helps us shape our strategy and activities, and we are responding to their needs through our SED projects. For example, a survey of communities along our pipeline identified a need to enhance business skills among local entrepreneurs and we responded by providing training on business management.

The provision of free water and electricity as part of our original development of the gas processing facility on Songo Songo island has had a sustained, life-changing impact on the health and wellbeing of local communities since 2004. Other communities along our pipeline are being provided with electricity by TANESCO through the national grid.

STEWARDSHIP OF OUR PIPELINE

We have built strong relationships with communities along the 225km pipeline that transports gas from Songo Songo island to the Ubungu power plant in Dar es Salaam. We support them through SED programmes and we conduct annual safety awareness training.

We have agreements with 65 villages to help us monitor the stretch of pipeline close to them through daily inspections. This enables us to respond quickly to any security or safety concerns, and address soil erosion from heavy rain that could damage the pipeline if it is not restored quickly.

SUSTAINABLE FISHING AND LIVELIHOODS

Since 2017, we have been working with Sea Sense, an NGO, to help fishing communities in the Kilwa district gain the knowledge and skills they need to conserve marine ecosystems and improve their livelihoods over the long term.

Training and outreach support is provided through six community-led beach management units set up by Sea Sense. We have also funded leadership training for local women that has led to increased female representation in local councils.

“Do not give someone a fish, teach him/her how to fish.” This is what Sea Sense is doing. When this project phases out, we will have the necessary tools to continue working and apply the knowledge gained through this training.”

OMARI NGUYI ELDER OF SOMANGA NORTH BEACH MANAGEMENT UNIT



PROTECTING OUR ENVIRONMENT

WE ARE INVESTING IN TECHNOLOGY TO REDUCE EMISSIONS AND WE HAVE CERTIFIED SYSTEMS TO MANAGE OUR ENVIRONMENTAL IMPACT.

TACKLING CLIMATE CHANGE

Over the last three years, we have invested in upgrades to significantly improve the efficiency of the Ubungo power plant. This has resulted in higher power capacity with lower carbon intensity and operating costs.

In 2019, we upgraded three turbines at the plant to improve efficiency. They now need 5% less gas to produce the same amount of energy. This has reduced the carbon intensity of power produced in these three machines by 9% and cut emissions of nitrogen oxides by 4%.

We also completed the installation of a system that turns wastewater into additional power from two other turbines (see case study).

Our greenhouse gas footprint in Tanzania was 930,400 tonnes of CO₂-equivalent (CO₂e) in 2019 and the carbon intensity of our power production was 707 tonnes of CO₂e per GWh produced.

This includes 8,400 tonnes of CO₂e released as a result of a leak of approximately 300 tonnes of natural gas from our pipeline in November 2019.

The leak occurred when a seal failed during a scheduled valve replacement by expert contractors. It was reported to the National Environment Management Council, and immediate action was taken to minimise environmental impact and manage safety risks before recommencing operations.

We carried out a full investigation to understand the root causes of the incident and the maintenance work will not be resumed until we are confident that controls are in place to prevent future leaks.

MANAGING ENVIRONMENTAL IMPACTS

Our environmental management system at the Ubungo plant is certified to ISO 14001. Employees are trained to identify and manage environmental risks to ensure we adhere to the high standards set out in Globeleq's robust common procedures.

Regular maintenance ensures our machines are tuned to optimise efficiency and we measure emissions, such as nitrogen oxides, to monitor and manage any impact on local air quality.

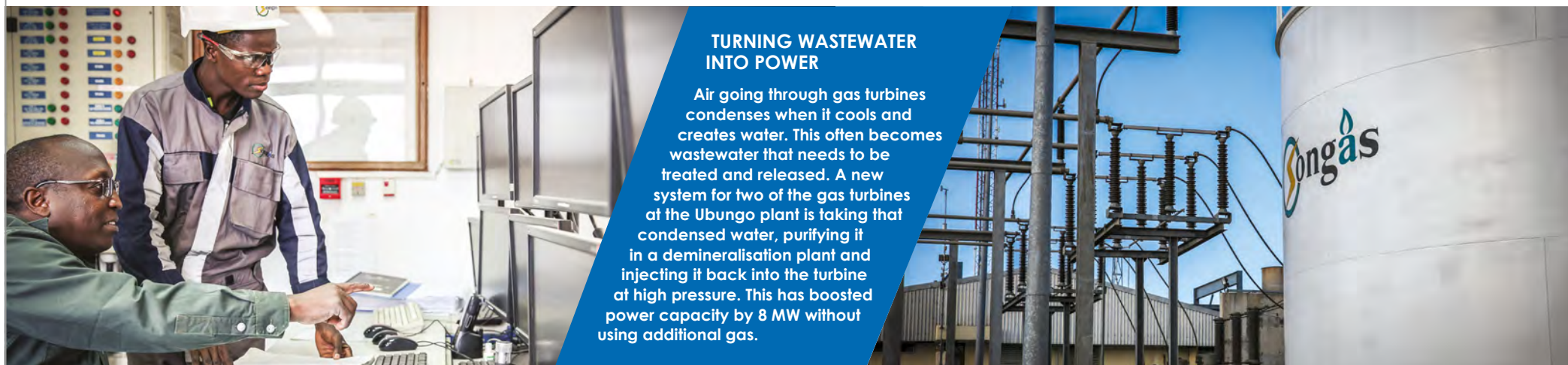
MINIMISING WATER USE AND WASTE

In 2019, Songas generated 94.5 tonnes of waste, of which 13% was recycled. This includes 34 tonnes of hazardous waste, such as used oil, filters and oily rags from maintenance of machinery, and sludge from wastewater treatment.

Used gas turbine filters currently make up around 6% of waste produced at the plant. Recent upgrades will help to reduce this waste stream because filters will not need to be replaced as often.

We aim to minimise water use and we recycle condensed water to increase power production (see case study). The Ubungo plant produced and recycled approximately 52,560m³ of condensate water from chilling condensers in 2019.

We also used a further 113,810m³ of water during the year. This was mainly abstracted from seawater to process gas on Songo Songo island before being treated and discharged back into the sea.



TURNING WASTEWATER INTO POWER

Air going through gas turbines condenses when it cools and creates water. This often becomes wastewater that needs to be treated and released. A new system for two of the gas turbines at the Ubungo plant is taking that condensed water, purifying it in a demineralisation plant and injecting it back into the turbine at high pressure. This has boosted power capacity by 8 MW without using additional gas.

FIND OUT MORE

This report covers our sustainability activities and performance at our operations across Tanzania in 2019.

Visit the Globeleq website to view our global sustainability report and find out more about our approach to sustainability across the business:

www.globeleq.com/sustainability

We welcome feedback on our approach and reporting. Please contact us at sustainability@globeleq.com

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